FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2020
TOGETHER WITH THE AUDIT REPORT

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
DECEMBER 31, 2020

# TABLE OF CONTENTS

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# Independent Auditor's Report

AM/ 012534

To the Shareholders
First Insurance Company
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of First Insurance Company "the Company" and its subsidiaries "the Group", which comprise the consolidated statement of financial position as of December 31, 2020, consolidated statement of policyholders' revenue and expenses, consolidated statement of profits or losses and comprehensive income, consolidated statement of changes in owner's equity, consolidated statement of changes in policyholders' equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements are presented fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were most significant to our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

A description was provided on how to examine each of the matters referred to below in the audit procedures:

| **Key Audit Matters** | **Scope of the Audit to Address the Risk** |
|---|---|
| **Technical Provisions** | |
| As at 31 December 2020, the Group had technical reserves of JD 16 million which includes claims incurred but not reported (IBNR) and other technical reserves.<br><br>The Group uses a range of actuarial methodologies to estimate these claims. This requires significant judgements to be applied and estimates to be made, for example inflation rates, claims development patterns and interpretations of regulatory requirements.<br><br>The measurement of technical reserves is a key judgmental area for management given the level of subjectivity inherent in estimating the impact of claim events that have occurred for which the ultimate outcome remains uncertain.<br><br>We have determined that this area is a key audit matter due to the significance of the amounts involved and of the level of significant judgements applied by management in the process for determination of gross outstanding claims. | We evaluated the design and tested the implementation and operating effectiveness of key controls over management's processes for claims processing, including controls over the completeness and accuracy of the claim estimates recorded.<br><br>We performed substantive tests on the amounts recorded for a sample of claims notified and paid, including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claims.<br><br>We assessed the competence, skills, independence and objectivity of management's expert and reviewed the terms of engagement between the expert and the Group to determine if the scope of their work was sufficient for audit purposes.<br><br>We assessed the completeness and accuracy of the data used in calculating the technical provisions.<br><br>We compared the actuary's current year report to the prior year to assess that there are no material differences in the estimates and assumptions adopted. We assessed any differences noted (in case of any) in the estimates and assumptions to determine if these differences were reasonable.<br><br>We performed substantive and analytical procedures on a selected sample to verify the completeness and accuracy of calculating the technical provisions of the group and the extent to which these provisions are consistent with the results reached by the actuaries of the Group.<br><br>We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs. |

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**Other Matter**
The accompanying consolidated financial statements are a translation of the statutory consolidated financial statements, which are in the Arabic language and to which reference should be made.

**Other Information**
Management is responsible for the other information. The other information comprises from the other information in the annual report excluding the consolidated financial statements and the independent auditors' report thereon, which is expected to be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

**Responsibilities of Management and Those Charged with Governance in preparing the Consolidated Financial Statements**
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Groups' ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

From the matters communicated with those charged with governance, we determine those matters of most significance in the audit of the consolidated financial statements of the current year, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Legal and Other Regulatory Requirements**

The Company maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Amman – Jordan
February 28, 2021

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ASSETS | Note | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| | | JD | JD |
| Investments: | | | |
| Deposits at banks - net | 5 | 12,029,008 | 13,047,653 |
| Financial assets at fair value through comprehensive income | 6 | 1,284,248 | 1,357,495 |
| Financial assets at amortized cost - net | 7 | 6,367,385 | 6,529,087 |
| Real estate investments - net | 8 | 6,717,485 | 6,769,324 |
| Total Investments | | 26,398,126 | 27,703,559 |
| Cash on hand and at banks | 9 | 872,647 | 480,791 |
| Checks under collection - net | 10 | 3,019,683 | 2,806,965 |
| Receivables - net | 11 | 13,477,876 | 15,344,549 |
| Re-insurers' receivables - net | 12 | 2,291,978 | 2,390,730 |
| Deferred tax assets | 20/c | 820,274 | 639,626 |
| Property and equipment - net | 13 | 10,698,172 | 5,644,450 |
| Intangible assets - net | 14 | 933,802 | 939,698 |
| Projects under construction | 15 | - | 4,200,149 |
| Other assets | 16 | 853,477 | 585,616 |
| TOTAL ASSETS | | 59,366,035 | 60,736,133 |
| LIABILITIES AND OWNERS' EQUITY AND POLICYHOLDERS EQUITY | | | |
| Liabilities: | | | |
| Unearned contributions reserve - net | | 8,671,680 | 8,857,812 |
| Outstanding claims reserve - net | | 7,241,710 | 6,154,320 |
| Mathematical reserve - net | | 126,413 | 141,316 |
| Total Insurance Contracts Liabilities | | 16,039,803 | 15,153,448 |
| Payables | 17 | 2,044,461 | 2,998,694 |
| Re-insurers' payables | 18 | 6,911,442 | 8,391,264 |
| Accrued expenses | | 54,887 | 63,659 |
| Various provisions | 19 | 47,258 | 58,244 |
| Income tax provision | 20/a | 510,865 | 409,181 |
| Deferred tax liabilities | 20/c | 796 | 934 |
| Other liabilities | 21 | 654,361 | 567,225 |
| TOTAL LIABILITIES | | 26,263,873 | 27,642,649 |
| POLICYHOLDERS EQUITY: | | | |
| Accumulated surplus for policyholders' fund | 22 | - | - |
| Reserve to cover the deficit (contingency provision) | 23 | 3,411 | 145,276 |
| Total Policyholders' Equity | | 3,411 | 145,276 |
| OWNERS' EQUITY: | | | |
| Authorized and paid-up capital | 24 | 28,000,000 | 28,000,000 |
| Statutory reserve | 25 | 3,494,290 | 3,276,493 |
| Financial assets valuation reserve net after tax | 26 | (1,917,805) | (1,715,994) |
| Retained earnings | 27 | 3,522,266 | 3,387,709 |
| Total Owners' Equity - Company's Shareholders | | 33,098,751 | 32,948,208 |
| Total Policyholders' Equity and Owners' Equity | | 33,102,162 | 33,093,484 |
| TOTAL LIABILITIES AND POLICYHOLDERS' EQUITY AND OWNERS' EQUITY | | 59,366,035 | 60,736,133 |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDITOR'S REPORT.

Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF POLICYHOLDERS' REVENUES AND EXPENSES

| | Note | For the Year Ended December 31, 2020 | 2019 |
|---|---|---|---|
| | | JD | JD |
| Takaful Insurance Revenue: | | | |
| Gross written contributions | | 45,490,250 | 46,365,755 |
| Less: Re-insurers' share | | (25,201,039) | (25,413,215) |
| Net Earned Contributions from Takaful Operations for Policyholders | | 20,289,211 | 20,952,540 |
| Net change in unearned contributions reserve | | 186,132 | (865,213) |
| Net change in mathematical reserve | | 14,903 | (7,081) |
| Net Earned Contributions Revenue from Takaful Insurance Operations for Policyholders | | 20,490,246 | 20,080,246 |
| Commissions' revenue | | 3,287,162 | 3,184,773 |
| Takaful policies issuance fees | | 2,164,813 | 2,407,914 |
| Policyholders' share of investments income | 28 | 61,293 | 90,652 |
| Policyholders' share of property investment income | 29 | 64,247 | 88,509 |
| Less: Owners' equity share for managing the investment portfolio | 28 & 29 | (43,939) | (62,706) |
| Total Revenue from Takaful Insurance operations for Policyholders | | 26,023,822 | 25,789,388 |
| Claims, Losses and Expenses from Takaful Insurance Operations | | | |
| Paid claims | | 29,967,758 | 30,765,292 |
| Less: Recoveries | | (2,558,554) | (1,658,566) |
| Re-insurers' share | | (11,873,796) | (12,103,562) |
| Net Paid Claims from Takaful Insurance Operations | | 15,535,408 | 17,003,164 |
| Net change in claims reserve | | 1,127,468 | 146,572 |
| Owners' equity share for managing the takaful insurance operations | 30 | 6,362,370 | 6,319,438 |
| Excess of loss contributions | | 351,682 | 197,023 |
| Takaful policies acquisition costs | | 833,395 | 938,640 |
| Other underwriting expenses | | 1,295,645 | 1,108,175 |
| Net Claims Costs | | 25,505,968 | 25,713,012 |
| Less: Policyholders’ share of Takaful Insurance: | | | |
| Expected Credit Losses | 33 | 450,000 | 150,000 |
| Depreciation and amortization | 14 & 13 | 76,447 | 75,996 |
| Other expenses | | 194,067 | 137,538 |
| Total Policyholders Share From Al-Takaful Insurance operations | | 720,514 | 363,534 |
| (Deficit) of Policyholders’ Profit before Tax | | (202,660) | (287,158) |
| Income tax benefits for the year | B/20 | 60,795 | 289,150 |
| Policyholders’ (Deficit) / Surplus from Al-Takaful Insurance Operations | | (141,865) | 1,992 |

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Chairman of the Board of Directors — Chief Executive Officer

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | Notes | For the Year Ended December 31, 2020 | 2019 |
|---|---|---|---|
| | | JD | JD |
| Owners' equity revenue from takaful insurance operations | | | |
| Owners' equity share for managing al-takaful insurance operations | 30 | 6,362,370 | 6,319,438 |
| Owners' equity share of investments income | 28 | 404,518 | 559,635 |
| Owners' equity share of financial assets and investments income | 29 | 413,845 | 558,367 |
| Owners' equity share for managing the investments' portfolio | 28 & 29 | 43,939 | 62,706 |
| Other revenue | 29 | 219,809 | 114,390 |
| Total Owners' Revenue from Al-Takaful Insurance Operations | | 7,444,481 | 7,614,536 |
| Claims, Losses and Expenses from General Insurance Operations: | | | |
| Paid claims | | 96,749 | 66,111 |
| Less: Recoveries | | (28,064) | (98,070) |
| Reinsurers' share | | (89,753) | (65,441) |
| Net paid claims | | (21,068) | (97,400) |
| Net change in outstanding claims reserve | | (40,078) | (59,816) |
| Net Claims Cost from General Insurance Operations | | (61,146) | (157,216) |
| Unallocated employees' expenses | 32 | 3,669,606 | 3,581,174 |
| Depreciation and amortization | 13 & 14 | 331,555 | 199,979 |
| General and administrative expenses | 31 | 1,403,206 | 1,265,910 |
| Total Expenses | | 5,404,367 | 5,047,063 |
| Profit for the year before income tax | | 2,101,260 | 2,724,689 |
| Income tax expenses for the year | 20/B | (488,906) | (441,418) |
| Profit for the year | | 1,612,354 | 2,283,271 |
| Earnings per Share for the year - (Basic & Diluted) | 34 | 0/058 | 0/082 |

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Chairman of the Board of Directors — Chief Executive Officer

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | For the Year Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| | JD | JD |
| Income for the year | 1,612,354 | 2,283,271 |
| Add: Other comprehensive income items after tax not to be transferred to the profit and loss statement in subsequent years | | |
| Owners' equity share from the change in fair value of financial assets through comprehensive income - net after tax | (201,811) | 158,628 |
| (Losses) on sale of financial assets at fair value through comprehensive income | - | (639,178) |
| Total Comprehensive Income for the Year | 1,410,543 | 1,802,721 |

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

| | Note | Paid-up Capital | Statutory Reserve | Financial Assets Valuation Reserve - Net | Retained Earnings * Realized | Retained Earnings * Unrealized | Retained Earnings * Total | Net Owners' Equity |
|---|---|---|---|---|---|---|---|---|
| For the Year Ended December 31, 2020 | | JD | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | | 28,000,000 | 3,276,493 | (1,715,994) | 2,780,058 | 607,651 | 3,387,709 | 32,948,208 |
| Total comprehensive income for the year | | - | - | (201,811) | 1,432,991 | 179,363 | 1,612,354 | 1,410,543 |
| Transferred to statutory reserve | | - | 217,797 | - | (217,797) | - | (217,797) | - |
| Distributed Dividends ** | 27 | - | - | - | (1,260,000) | - | (1,260,000) | (1,260,000) |
| Balance at the end of the year | | 28,000,000 | 3,494,290 | (1,917,805) | 2,735,252 | 787,014 | 3,522,266 | 33,098,751 |
| For the Year Ended December 31, 2019 | | | | | | | | |
| Balance at the beginning of the year | | 28,000,000 | 3,010,963 | (1,874,622) | 3,263,802 | 285,344 | 3,549,146 | 32,685,487 |
| Total comprehensive income for the year | | - | - | 158,628 | 1,321,786 | 322,307 | 1,644,093 | 1,802,721 |
| Transferred to statutory reserve | | - | 265,530 | - | (265,530) | - | (265,530) | - |
| Distributed Dividends ** | 27 | - | - | - | (1,540,000) | - | (1,540,000) | (1,540,000) |
| Balance at the end of the year | | 28,000,000 | 3,276,493 | (1,715,994) | 2,780,058 | 607,651 | 3,387,709 | 32,948,208 |

* An amount from retained earnings equivalent to the negative financial assets valuation reserve is restricted according to the related instructions as of December 31,2020.

** According the decision of the General Assembly in its meeting held on June 8, 2020, cash dividends were distributed to the shareholders with a rate 4.5% of paid-up capital for the year 2019 profits, representing an amount of JD 1,260,000 (JD 1,540,000 with a percentage 5.5% of paid-up capital for year 2018 profits).

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THE AUDITOR'S REPORT.

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY

| | Reserve to cover deficit (Contingencies provision) | Accumulated Surplus | | Net Policyholders' Equity |
|---|---|---|---|---|
| | | Realized | Unrealized | |
| For the Year Ended December 31, 2020 | JD | JD | JD | JD |
| Balance at the beginning of the year | 145,276 | - | - | 145,276 |
| Policyholders' (deficit) for the year | - | (141,865) | - | (141,865) |
| Transferred from policyholders' surplus | (141,865) | 141,865 | - | - |
| Balance at the end of the year | 3,411 | - | - | 3,411 |
| For the Year Ended December 31, 2019 | | | | |
| Balance at the beginning of the year | 143,284 | - | - | 143,284 |
| Policyholders' surplus for the year | - | 1,992 | - | 1,992 |
| Transferred from policyholders' surplus | 1,992 | (1,992) | - | - |
| Balance at the end of the year | 145,276 | - | - | 145,276 |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THE AUDITOR'S REPORT.

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | For the Year Ended December 31, 2020 | 2019 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | JD | JD |
| Profit for the year before tax | | 1,898,600 | 2,437,531 |
| Adjustments: | | | |
| Depreciation and amortization | 8 & 13 & 14 | 459,841 | 327,673 |
| Expected Credit Losses | 33 | 450,000 | 150,000 |
| Net change in unearned contributions reserve | | (186,132) | 865,213 |
| Net change in outstanding claims reserve | | 1,087,390 | 86,756 |
| Net change in mathematical reserve | | (14,903) | 7,081 |
| Various provisions | 19 | 87,139 | 111,702 |
| Dividends income from financial assets at fair value through comprehensive income | 29 | (36,735) | (93,081) |
| (Profits) on the sale of property and equipment | 13 | (3,148) | (10,798) |
| (Returns) from bank deposits | 28 | (465,811) | (650,287) |
| (Profits) on sale of sukouk | 29 | - | (90,276) |
| (Returns) from sukouk | 29 | (329,764) | (345,747) |
| Net Cash Flows from Operating Activities before Changes in Working Capital | | 2,946,477 | 2,795,767 |
| (Increase) decrease in checks under collection | | (212,718) | 6,248 |
| Decrease (increase) in accounts receivable | | 1,416,673 | (1,941,578) |
| Decrease (increase) in re-insurers' receivables | | 98,752 | (253,000) |
| (Increase) decrease in other assets | | (267,861) | 96,321 |
| (Decrease) increase in accounts payable | | (954,233) | 1,233,097 |
| (Decrease) in re-insurance payable | | (1,479,822) | (2,011,874) |
| (Decrease) in accrued expenses | | (8,772) | (12,589) |
| (Decrease) in other liabilities | | (101,005) | (62,255) |
| Net Cash Flows from (used in) operating activities before income tax paid and various provisions | | 1,437,491 | (149,863) |
| Income tax paid | 20/a | (505,790) | (122,295) |
| Paid from various provisions | 19 | (98,125) | (98,458) |
| Net Cash Flows from (used in) Operating Activities | | 833,576 | (370,616) |
| | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| (Increase) decrease in deposits at banks | | (6,641,289) | 4,452,260 |
| Proceeds of dividends from financial assets at fair value through comprehensive income | | 36,735 | 39,595 |
| Proceeds from sale of financial assets at fair value through comprehensive income | | - | 576,587 |
| (Purchase) of property and equipment | 13 | (80,347) | (131,840) |
| Proceeds from the sale of property and equipment | 13 | 3,148 | 10,798 |
| Payments to projects under construction | 15 | (1,051,213) | (2,636,060) |
| (Purchase) of intangible assets | 14 | (124,119) | (123,854) |
| (Purchase) of financial assets at amortized cost | 7 | - | (1,773,918) |
| Proceeds from sale of Sukouk | 7 | 329,764 | 345,747 |
| Amortization of Sukouk | 7 | 19,729 | 17,994 |
| Proceeds from sale and maturity of Sukouk | 7 | 141,973 | 2,234,633 |
| Net Cash Flows (used in) from Investing Activities | | (7,365,619) | 3,011,942 |
| | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Cash dividends | 27 | (1,260,000) | (1,540,000) |
| Net Cash Flows (used in) Financing Activities | | (1,260,000) | (1,540,000) |
| Net (Decrease) Increase in Cash and Cash Equivalent | | (7,792,043) | 1,101,326 |
| Cash and cash equivalent at the beginning of the year | | 10,145,079 | 9,043,753 |
| Cash and Cash Equivalent at the end of the year before provision | 35 | 2,353,036 | 10,145,079 |
| | | | |
| Non-cash Transactions | | | |
| Transfers from projects under construction to property and equipment | 13 | 5,251,362 | - |
| Transfers from projects under construction to intangible assets | 14 | - | 815,110 |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THE AUDITOR'S REPORT.

FIRST INCURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF UNDERWITTING REVENUE FOR GENERAL TAKAFUL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

| | Motor | | Marine | | Aviation | | Fire and Other Damages to Properties | | Liability | | Medical | | Other Branches | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Written Contributions: | | | | | | | | | | | | | | | | |
| Direct operations | 12,183,384 | 12,416,778 | 930,136 | 1,146,379 | 250,951 | 240,424 | 5,809,344 | 5,769,484 | 384,344 | 441,739 | 15,315,990 | 16,897,760 | 1,033,589 | 1,410,704 | 35,907,738 | 38,323,268 |
| Inward voluntary re-insurers | 1,521,700 | 1,989,687 | 4,644 | 7,576 | 339,369 | 290,604 | 2,191,396 | 2,040,088 | 11,559 | 12,080 | - | - | 347,225 | 345,348 | 4,415,893 | 4,685,383 |
| Gross Contributions | 13,705,084 | 14,406,465 | 934,780 | 1,153,955 | 590,320 | 531,028 | 8,000,740 | 7,809,572 | 395,903 | 453,819 | 15,315,990 | 16,897,760 | 1,380,814 | 1,756,052 | 40,323,631 | 43,008,651 |
| Less: Local re-insurers' share contributions | 1,867,716 | 2,188,686 | 8,672 | 10,369 | - | - | 2,184,378 | 2,191,459 | 54,851 | 13,062 | - | - | 325,686 | 331,540 | 4,441,303 | 4,735,116 |
| Foreign re-insurers' share contributions | 21,581 | 5,623 | 823,468 | 1,071,354 | 590,320 | 531,028 | 5,666,164 | 5,488,294 | 334,224 | 415,068 | 8,619,936 | 9,698,727 | 950,041 | 1,212,980 | 17,005,734 | 18,423,074 |
| Net Contributions | 11,815,787 | 12,212,156 | 102,640 | 72,232 | - | - | 150,198 | 129,819 | 6,828 | 25,689 | 6,696,054 | 7,199,033 | 105,087 | 211,532 | 18,876,594 | 19,850,461 |
| Add: Balance at the beginning of the year | | | | | | | | | | | | | | | | |
| Unearned contributions reserve | 6,152,684 | 5,407,391 | 391,699 | 250,127 | 215,679 | 123,505 | 4,279,416 | 4,968,129 | 77,053 | 280,596 | 7,882,625 | 8,043,241 | 1,205,312 | 1,120,467 | 20,204,468 | 20,193,456 |
| Less: Re-insurers share | 785,436 | 791,070 | 368,607 | 224,047 | 215,679 | 123,505 | 4,228,392 | 4,901,494 | 75,827 | 271,840 | 4,598,468 | 4,893,430 | 1,074,247 | 995,471 | 11,346,656 | 12,200,857 |
| Net Unearned Contributions Reserve - Beginning of the year | 5,367,248 | 4,616,321 | 23,092 | 26,080 | - | - | 51,024 | 66,635 | 1,226 | 8,756 | 3,284,157 | 3,149,811 | 131,065 | 124,996 | 8,857,812 | 7,992,599 |
| Less: Balance at the end of the year | | | | | | | | | | | | | | | | |
| Unearned contributions reserve | 6,263,281 | 6,152,684 | 154,408 | 391,699 | 271,039 | 215,679 | 3,916,380 | 4,279,416 | 52,926 | 77,053 | 6,671,203 | 7,882,625 | 1,016,134 | 1,205,312 | 18,345,371 | 20,204,468 |
| Less: Re-insurers' share | 733,098 | 785,436 | 134,922 | 368,607 | 271,039 | 215,679 | 3,861,856 | 4,228,392 | 51,000 | 75,827 | 3,652,967 | 4,598,468 | 968,809 | 1,074,247 | 9,673,691 | 11,346,656 |
| Net Unearned Contributions Reserve at the end of the year | 5,530,183 | 5,367,248 | 19,486 | 23,092 | - | - | 54,524 | 51,024 | 1,926 | 1,226 | 3,018,236 | 3,284,157 | 47,325 | 131,065 | 8,671,680 | 8,857,812 |
| Net Revenue Earned from written Contributions | 11,652,852 | 11,461,229 | 106,246 | 75,220 | - | - | 146,698 | 145,430 | 6,128 | 33,219 | 6,961,975 | 7,064,687 | 188,827 | 205,463 | 19,062,726 | 18,985,248 |

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CLAIMS COST FOR GENERAL TAKAFUL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

| | Motor | | Marine | | Aviation | | Fire and Other Damages to Properties | | Liability | | Medical | | Other Branches | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Paid claims | 11,738,658 | 12,658,361 | 85,648 | 136,757 | - | - | 354,344 | 891,162 | 103,963 | 19,759 | 13,962,154 | 15,102,152 | 71,806 | 64,590 | 26,316,573 | 28,872,781 |
| Less: Recoveries | 2,199,851 | 1,544,750 | - | - | - | - | 14,095 | 25,690 | 3,250 | 2,015 | 341,143 | 85,447 | 215 | 664 | 2,558,554 | 1,658,566 |
| Local re-insurers' share | 413,415 | 818,873 | - | 17,354 | - | - | 15,191 | 82,339 | - | - | - | - | - | 1,876 | 428,606 | 920,442 |
| Foreign re-insurers' share | 244,072 | 20,091 | 79,402 | 108,086 | - | - | 303,980 | 792,506 | 103,345 | 15,054 | 7,724,907 | 8,739,741 | 43,518 | 32,054 | 8,499,224 | 9,707,532 |
| Net Paid Claims | 8,881,320 | 10,274,647 | 6,246 | 11,317 | - | - | 21,078 | (9,373) | (2,632) | 2,690 | 5,896,104 | 6,276,964 | 28,073 | 29,996 | 14,830,189 | 16,586,241 |
| Add: Outstanding claims reserve at the end of the year | | | | | | | | | | | | | | | | |
| Incurred and reported | 7,629,149 | 6,563,666 | 52,468 | 201,920 | - | 30,000 | 614,650 | 308,410 | 508,684 | 339,497 | 648,311 | 663,853 | 253,241 | 238,204 | 9,706,503 | 8,345,550 |
| Incurred but not reported (IBNR) | 1,715,000 | 1,500,000 | 7,500 | 7,500 | - | - | 17,500 | 17,500 | 7,500 | 7,500 | 687,975 | 812,804 | 8,500 | 8,500 | 2,443,975 | 2,353,804 |
| Less: Re-insurers share | 843,486 | 1,025,203 | 45,956 | 190,553 | - | 30,000 | 595,163 | 289,813 | 488,644 | 324,450 | 748,849 | 877,897 | 209,715 | 189,169 | 2,931,813 | 2,927,085 |
| Recoveries | 2,370,746 | 1,839,604 | - | - | - | - | - | 500 | - | - | - | - | 179 | 50 | 2,370,925 | 1,840,154 |
| Net claims reserve - end of the year | 6,129,917 | 5,198,859 | 14,012 | 18,867 | - | - | 36,987 | 35,597 | 27,540 | 22,547 | 587,437 | 598,760 | 51,847 | 57,485 | 6,847,740 | 5,932,115 |
| Less: Outstanding claims reserve at the beginning of the year | | | | | | | | | | | | | | | | |
| Incurred and reported | 6,563,666 | 5,600,063 | 201,920 | 114,467 | 30,000 | - | 308,410 | 1,011,775 | 339,497 | 60,014 | 663,853 | 478,468 | 238,204 | 160,839 | 8,345,550 | 7,425,626 |
| Incurred but not reported (IBNR) | 1,500,000 | 1,400,000 | 7,500 | 7,500 | - | - | 17,500 | 7,500 | 7,500 | 7,500 | 812,804 | 865,910 | 8,500 | 8,500 | 2,353,804 | 2,296,910 |
| Less: Re-insurers' share | 1,025,203 | 1,059,559 | 190,553 | 105,214 | 30,000 | - | 289,813 | 984,791 | 324,450 | 51,389 | 877,897 | 855,496 | 189,169 | 140,157 | 2,927,085 | 3,196,606 |
| Recoveries | 1,839,604 | 651,654 | - | - | - | - | 500 | - | - | - | - | - | 50 | - | 1,840,154 | 651,654 |
| Net Outstanding Claims Reserve at the beginning of the year | 5,198,859 | 5,288,850 | 18,867 | 16,753 | - | - | 35,597 | 34,484 | 22,547 | 16,125 | 598,760 | 488,882 | 57,485 | 29,182 | 5,932,115 | 5,874,276 |
| Net Cost of claims | 9,812,378 | 10,184,656 | 1,391 | 13,431 | - | - | 22,468 | (8,260) | 2,361 | 9,112 | 5,884,781 | 6,386,842 | 22,435 | 58,299 | 15,745,814 | 16,644,080 |

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING PROFIT FOR GENERAL TAKAFUL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

| | Motor | | Marine | | Aviation | | Fire and Other Damages to Properties | | Liability | | Medical | | Other Branches | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Net revenue earned from underwriting contributions | 11,652,852 | 11,461,229 | 106,246 | 75,220 | - | - | 146,698 | 145,430 | 6,128 | 33,219 | 6,961,975 | 7,064,687 | 188,827 | 205,463 | 19,062,726 | 18,985,248 |
| Less: Net cost of claims | 9,812,378 | 10,184,656 | 1,391 | 13,431 | - | - | 22,468 | (8,260) | 2,361 | 9,112 | 5,884,781 | 6,386,842 | 22,435 | 58,299 | 15,745,814 | 16,644,080 |
| Add: Received commissions | 25,374 | 25,540 | 472,714 | 357,832 | 19,054 | 21,489 | 1,244,329 | 919,545 | 128,538 | 158,292 | 1,186,079 | 1,405,850 | 116,608 | 153,564 | 3,192,696 | 3,042,112 |
| Takaful policies issuance fees | 1,094,538 | 1,104,480 | 24,087 | 76,645 | 9,330 | 7,742 | 110,286 | 110,177 | 7,320 | 7,588 | 665,474 | 751,941 | 88,936 | 169,067 | 1,999,971 | 2,227,640 |
| Revenue from investments related to underwriting accounts | 24,584 | 36,185 | 1,677 | 2,898 | 1,059 | 1,334 | 14,352 | 19,615 | 710 | 698 | 27,474 | 42,441 | 2,477 | 4,852 | 72,333 | 108,023 |
| Total Revenue | 2,984,970 | 2,442,778 | 603,333 | 499,164 | 29,443 | 30,565 | 1,493,197 | 1,203,027 | 140,335 | 190,685 | 2,956,221 | 2,878,077 | 374,413 | 474,647 | 8,581,912 | 7,718,943 |
| Less: Takaful policies acquisition fees | 431,182 | 436,755 | 16,447 | 28,304 | - | - | 63,989 | 68,508 | 24,706 | 44,993 | 183,640 | 220,059 | 6,017 | 7,419 | 725,981 | 806,038 |
| Excess of loss contributions | 245,182 | 119,765 | - | - | - | - | 106,500 | 77,258 | - | - | - | - | - | - | 351,682 | 197,023 |
| Owners' equity share from management of Al -Takaful operations | 2,106,648 | 2,214,634 | 291,633 | 237,789 | 17,148 | 19,340 | 1,153,377 | 919,622 | 33,651 | 38,236 | 2,015,181 | 2,028,918 | 286,008 | 412,882 | 5,903,646 | 5,871,421 |
| Other expenses related to underwriting | 258,392 | 227,190 | 16,283 | 13,178 | 1,912 | 2,244 | 63,916 | 55,743 | 5,887 | 16,551 | 637,435 | 473,643 | 23,150 | 47,621 | 1,006,975 | 836,170 |
| Total Expenses | 3,041,404 | 2,998,344 | 324,363 | 279,271 | 19,060 | 21,584 | 1,387,782 | 1,121,131 | 64,244 | 99,780 | 2,836,256 | 2,722,620 | 315,175 | 467,922 | 7,988,284 | 7,710,652 |
| Net Underwriting (Loss) Profit | (56,434) | (555,566) | 278,970 | 219,893 | 10,383 | 8,981 | 105,415 | 81,896 | 76,091 | 90,905 | 119,965 | 155,457 | 59,238 | 6,725 | 593,628 | 8,291 |

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

## CONSOLIDATED STATEMENT OF UNDERWRITING REVENUE FOR LIFE INSURANCE ACTIVITIES - GENERAL TAKAFUL FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|---|---|---|
| Written Contributions | JD | JD |
| Direct Operation | 5,166,619 | 3,357,104 |
| Voluntary re-insurers | - | - |
| Gross Contributions | 5,166,619 | 3,357,104 |
| Less: Local re-insurers' share | 37,939 | - |
| Foreign re-insurers' share | 3,716,063 | 2,255,025 |
| Net Contributions | 1,412,617 | 1,102,079 |
| | | |
| Add: Mathematical reserve - beginning of the year | 315,078 | 245,382 |
| Less: Re-insurers' share | 173,762 | 111,147 |
| Net mathematical reserve - beginning of the year | 141,316 | 134,235 |
| Less: Mathematical reserve - end of the year | 292,824 | 315,078 |
| Less: Re-insurers' share | 166,411 | 173,762 |
| Net mathematical reserve - end of the year | 126,413 | 141,316 |
| Net Revenue Earned from Contributions | 1,427,520 | 1,094,998 |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDIT REPORT.

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN -JORDAN

CONSOLIDATED STATEMENT OF CLAIMS COST FOR LIFE INSURANCE ACTIVITIES -GENERAL TAKAFUL FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|---|---|---|
| | JD | JD |
| Paid Claims | 3,651,185 | 1,892,511 |
| Less: Local re-insurers' share | - | - |
| Foreign re-insurers' share | 2,945,966 | 1,475,588 |
| Net Paid Claims | 705,219 | 416,923 |
| Add: Outstanding Claims Reserve at the end of the year | | |
| Incurred and reported | 1,785,882 | 757,893 |
| Incurred but not reported (IBNR) | 277,965 | - |
| Less: Re-insurers' share | 1,690,970 | 596,859 |
| Net Outstanding Claims Reserve at the end of the Year | 372,877 | 161,034 |
| Less: Outstanding Claims Reserve at the beginning of the year | 757,893 | 276,791 |
| Less: Re-insurers' share | 596,859 | 204,490 |
| Net Outstanding Claims Reserve at the beginning of the Year | 161,034 | 72,301 |
| Net Claims Cost | 917,062 | 505,656 |

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES - GENERAL

TAKAFUL FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|---|---|---|
| | JD | JD |
| Net earned revenue from written contributions | 1,427,520 | 1,094,998 |
| Less: Net claims cost | 917,062 | 505,656 |
| Add: Received commissions | 94,466 | 142,661 |
| Insurance policies takaful issuance fees | 164,842 | 180,274 |
| Revenue from investment related to underwriting accounts | 9,268 | 8,432 |
| Total Revenue | 779,034 | 920,709 |
| Less: Takaful policies acquisition fees | 107,414 | 132,602 |
| Owners' equity share from management of Al -Takaful operations | 458,724 | 448,017 |
| Other expenses related to underwritings | 288,670 | 272,005 |
| Total Expenses | 854,808 | 852,624 |
| Net Underwriting (Loss) / Profit | (75,774) | 68,085 |

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AND WITH THE ACCOMPANYING AUDIT REPORT.

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

| | Motor | | Marine | | Fire and Other Damages to Properties | | Liability | | Medical | | Other Branches | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Written premiums | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Direct operations | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Inward voluntary re-insurers | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Gross premiums | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: Local re-insurance premiums | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Foreign re-insurance premiums | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net premiums | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Add: Balance at the beginning of the year | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Unearned premiums reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: Reinsurers' share | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net unearned premiums reserve - beginning of the year | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: Balance at the end of the year | | | | | | | | | | | | | | |
| Unearned premiums reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: Re-insurers' share | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net unearned premiums reserve - end of the year | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Revenue from Written Premiums | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CLAIMS COST FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

| | Motor | | Marine | | Fire and Other Damages to Properties | | Liability | | Medical | | Other Branches | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Paid claims | - | 32,281 | 84,796 | 19,829 | 10,797 | 8,159 | 106 | 442 | - | - | - | - | 95,699 | 60,711 |
| Less: Recoveries | 28,064 | 64,699 | - | 1,977 | - | 31,394 | - | - | - | - | - | - | 28,064 | 98,070 |
| Local re-insurers' share | - | - | - | - | - | 99 | - | - | - | - | - | - | - | 99 |
| Foreign re-insurers' share | - | - | 79,571 | 18,838 | 10,182 | 46,504 | - | - | - | - | - | - | 89,753 | 65,342 |
| Net Paid claims | (28,064) | (32,418) | 5,225 | (986) | 615 | (69,838) | 106 | 442 | - | - | - | - | (22,118) | (102,800) |
| Add: Outstanding claims reserve at the end of the year | | | | | | | | | | | | | | |
| Incurred and reported | 10,000 | 10,772 | - | 60,000 | 2,291 | 26,541 | 109,483 | 59,251 | - | - | - | 8,500 | 121,774 | 165,064 |
| Incurred but not reported (IBNR) | - | - | - | | - | - | - | - | - | - | - | - | - | - |
| Less: Re-insurers' share | - | - | - | 56,375 | 2,113 | 10,150 | 102,768 | 40,068 | - | - | - | 6,375 | 104,881 | 112,968 |
| Recoveries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Outstanding claims provision - end of the Year | 10,000 | 10,772 | - | 3,625 | 178 | 16,391 | 6,715 | 19,183 | - | - | - | 2,125 | 16,893 | 52,096 |
| Less: Outstanding claims reserve at the beginning of the year | | | | | | | | | | | | | | |
| Incurred and reported | 10,772 | 50,772 | 60,000 | 71,923 | 26,541 | 55,246 | 59,251 | 59,531 | - | - | 8,500 | 8,700 | 165,064 | 246,172 |
| Incurred but not reported (IBNR) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: Reinsurers' share | - | - | 56,375 | 67,702 | 10,150 | 51,649 | 40,068 | 8,374 | - | - | 6,375 | 6,535 | 112,968 | 134,260 |
| Recoveries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Outstanding Claims Provision beginning of the year | 10,772 | 50,772 | 3,625 | 4,221 | 16,391 | 3,597 | 19,183 | 51,157 | - | - | 2,125 | 2,165 | 52,096 | 111,912 |
| Net Claims Cost | (28,836) | (72,418) | 1,600 | (1,582) | (15,598) | (57,044) | (12,362) | (31,532) | - | - | (2,125) | (40) | (57,321) | (162,616) |

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR EDNED DECEMBER 31, 2020 AND 2019

| | Motor | | Marine | | Fire and Damages Other for Properties | | Liability | | Medical | | Other Branches | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Net revenue from the written premiums | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: Net claims cost | (28,836) | (72,418) | 1,600 | (1,582) | (15,598) | (57,044) | (12,362) | (31,532) | - | - | (2,125) | (40) | (57,321) | (162,616) |
| Total Revenue | 28,836 | 72,418 | (1,600) | 1,582 | 15,598 | 57,044 | 12,362 | 31,532 | - | - | 2,125 | 40 | 57,321 | 162,616 |
| Less: Other expenses related to underwriting | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Underwritten Profit | 28,836 | 72,418 | (1,600) | 1,582 | 15,598 | 57,044 | 12,362 | 31,532 | - | - | 2,125 | 40 | 57,321 | 162,616 |

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF WRITTEN REVENUE FOR LIFE INSURNACE ACTIVITIES

GENERAL INSURANCE FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

| | Life | |
|---|---|---|
| | 2020 | 2019 |
| | JD | JD |
| Written premiums | - | - |
| Direct operations | - | - |
| Voluntary re-insurers | - | - |
| Gross written premium | - | - |
| Less: Local re-insurance premiums | | |
| Foreign re-insurance premiums | - | - |
| Net earned premiums | - | - |
| | - | - |
| Add: Mathematical reserve - beginning of the year | | |
| Less: Reinsurers' share | - | - |
| Net Mathematical reserve - beginning of the year | - | - |
| Balance at the End of the year | - | - |
| Less: Mathematical reserve - end of the year | | |
| Less: Reinsurers' share | | |
| Net mathematical reserve - end of the year | - | - |
| Net Revenue from Written Premiums | - | - |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF
THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM
AND WITH THE ACCOMPANYING AUDIT REPORT.

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CLAIMS COST FOR LIFE INSURANCE ACTIVITIES

GENERAL INSURANCE FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

| | Life | |
|---|---|---|
| | 2020 | 2019 |
| | JD | JD |
| Paid Claims | 1,050 | 5,400 |
| Less: Local re-insurers' share | - | - |
| Foreign re-insurers' share | - | - |
| Net Paid Claims | 1,050 | 5,400 |
| Add: Outstanding claims reserve at the end of the year | 6,000 | 16,877 |
| Less: Re-insurers' share | 1,800 | 7,802 |
| Net Outstanding claims reserve at the end of the year | 4,200 | 9,075 |
| Less: Outstanding claims reserve at the beginning of the year | 16,877 | 16,877 |
| Less: Re-insurers' share | 7,802 | 7,802 |
| Net Outstanding claims reserve at the beginning of the year | 9,075 | 9,075 |
| Net Claims Cost | (3,825) | 5,400 |

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CONTRIBUTION PROFIT / (LOSS) FOR LIFE INSURANCE ACTIVITIES - GENERAL INSURANCE

FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

| | Life | |
|---|---|---|
| | 2020 | 2019 |
| | JD | JD |
| Net revenue from written premiums | - | - |
| Less: Net paid claims cost | (3,825) | 5,400 |
| Add: Received commissions | - | - |
| Policy issuance fees | - | - |
| Total Losses | 3,825 | (5,400) |
| Less: Paid commissions | - | - |
| Total Expenses | - | - |
| Net Underwritten Profit / (Loss) | 3,825 | (5,400) |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDIT REPORT.

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN -JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE LIFE INSURANCE BRANCH FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

| | December 31, | |
|---|---|---|
| ASSETS | 2020 | 2019 |
| | JD | JD |
| Deposits at banks | 750,000 | 400,000 |
| Total Investments | 750,000 | 400,000 |
| | | |
| Checkes Under Collection | 600,000 | - |
| Receivables - net | 507,857 | 475,742 |
| TOTAL ASSETS | 1,857,857 | 875,742 |
| | | |
| LIABILITIES AND HEAD OFFICE'S EQUITY | | |
| LIABILITIES: | | |
| Mathematical reserve -net | 126,413 | 141,316 |
| Claims reserve - net | 377,077 | 170,109 |
| Total Technical Reserves | 503,490 | 311,425 |
| Re-insurers payables | 998,871 | - |
| TOTAL LIABILITIES | 1,502,361 | 311,425 |
| | | |
| Head Office's Equity | | |
| Head Office's current account | 142,790 | 272,012 |
| Retained earnings | 212,706 | 292,305 |
| Total Head Office's Equity | 355,496 | 564,317 |
| TOTAL LIABILITIES AND HEAD OFFICE'S EQUITY | 1,857,857 | 875,742 |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDIT REPORT.

## 1. General

a. First Insurance Company (the "Company") was established on 28 December 2006, its headquarters located in Amman – The Hashemite Kingdom of Jordan and registered as a public shareholding limited company under license No. (424) with an authorized and paid-up capital of JD 24 Million divided into 24 Million shares at JD 1 per share.

On April 2, 2015, First Insurance Company acquired 76.25% of Al-Yarmouk Insurance Company's capital (a Public Shareholding Limited Company). The General Assembly decided at its extraordinary meeting held on November 2, 2015 to transfer their 100% share capital from Al-Yarmouk Insurance Company (a public shareholding limited company) (the merged company) to First Insurance Company (a public shareholding limited company). As a result of the merger, the registration of Al-Yarmouk Insurance Company (a public shareholding limited company) was removed from the corporate register and First Insurance Company (a public shareholding limited company) became the legal successor to Al-Yarmouk Insurance Company with an authorized and paid-up capital of JD 28 million at JD 1 per share.

The Company conducts insurance on fire, natural hazards, accidents, medical and marine vehicles, cargo during transportation, and other damage of properties, liability of land-based vehicles, general liability, assistance insurance, ships insurance, ships liability, aircraft insurance, aircraft liability and life insurance in accordance with Islamic Shari'a.

The consolidated financial statements includes the results of Takaful insurance of First Insurance Company and the general insurance business of the acquired company (formerly Al-Yarmouk Insurance Company). Accordingly, these results are presented separately in the supplemental Insuarnce Operations Information accompanying the consolidated financial statements until the end of the general non-takaful insurance contracts resulting from the merger.

b. The accompanying consolidated financial statements were approved by the Board of Directors on February 25, 2021.

## 2. Accounting Policies

- The consolidated financial statements have been prepared according to the standards issued by the International Accounting Standards Board; interpretations issued by the International Financial Reporting Standards Committee.

- The consolidated financial statements have been prepared according to the historical cost convention, except for financial assets and financial liabilities, which are stated at fair value through profit or loss, and financial assets, which are stated at fair value through comprehensive income. These are stated at fair value as of the date of the consolidated financial statements. Moreover, financial assets and financial liabilities whose change in fair value risks have been hedged are also stated at fair value.

- The Jordanian Dinar is the functional and reporting currency of the consolidated financial statements.

- The accounting policies adopted for the current year are consistent with those adopted in the year ended December 31, 2019, except for what is mentioned in Note (3-A).

Basis of Consolidation of the Financial Statements

The consolidated financial statements include the financial statements of the Company and its subsidiary companies that are subject to its control. In this regard, control is established when the Company has the ability to conduct the main activities of the subsidiary company, it is subject to the variable returns arising from its investment in the subsidiary company, or it has the right to these returns, and it has the ability to influence the returns through its control of the subsidiary company. Intercompany transactions, balances, revenue and expenses are eliminated between the Company and its subsidiaries:

| Company's Name | Principal Activity | Ownership Percentage | Place of Origin | Capital | Year of Incorporation |
|---|---|---|---|---|---|
| | | | | JD | |
| Mulkiyat for Investment and Trade Company | Investment | 100% | Jordan | 50,000 | 2010 |
| Baden for Trade and Investment Company | Investment | 100% | Jordan | 5,000 | 2016 |

The most important financial information of the subsidiary companies for the year 2020 is as follows:

| Company's Name | Total Assets | Total Liabilities | Total Revenue | Total Expenses |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Mulkiyat for Investment and Trade Company | 2,061,664 | 2,196,823 | 54,833 | 86,536 |
| Baden for Trade and Investment Company | 5,001 | 1,503,528 | - | - |

The Company established Mulkiyat for Investment and Trade Company in the register of limited liability companies under No. (22534) on August 10, 2010 with a capital of JD 50,000.

The Company established Baden for Trade and Investment Company in the register of limited liability companies under No. (44259) on June 5, 2016 with a capital of JD 5,000.

The financial statements of the subsidiary companies are prepared for the same finacial year of the parent Company using the same accounting policies of the parent Company. If the accounting policies adopted by the subsidiary companies differ from those of the parent Company, the necessary adjustments to the financial statements of the subsidiary companies are made to comply with the accounting policies of the parent Company.

Control is established when the Company has the ability to influence the operational and the financial policies of the subsidiary companies for the benefit of its operations. Intercompany transactions and balances, and the intercompany revenues and expenses are eliminated between the parent Company and its subsidiaries.

The results of the subsidiary companies are incorporated into the consolidated statement of profit or loss from the effective date of acquisition, which is the date on which the parent Company assumes actual control over the subsidiary. Moreover, the operating results of the disposed subsidiaries are incorporated into the consolidated statement of profit or loss up to the effective date of disposal, which is the date on which the parent Company loses control over the subsidiary companies.

Control is achieved when the Company:

- Has the ability to control the investee;
- Is subject to variable returns, or have the right to variable returns arising from its association with the investee;and
- Has the ability to use its power to influence the returns of the investee.

The Company re-evaluates whether it controls the investee companies or not, if the facts and circumstances indicate that there are changes to one or more of the control criteria referred to above.

If the Group's voting rights are less than the majority's voting rights in any of the investee companies, it shall have the power to control when the voting rights suffice to grant the Group the ability to direct the activities of the related subsidiary unilaterally. Moreover, the Group's takes into account all the facts and circumstances in assessing whether the Group has enough voting rights in the investee to enable it to control or not. These facts and circumstances include the following:

- The size of voting rights owned by the Group in relation to the size and distribution of other voting rights;
- Potential voting rights held by the Group and any other voting rights held by others or third parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the Group has or does not have an existing responsibility for directing the relevant activities at the time of making the required decisions, including how to vote at previous General Assembly meetings

When the Company loses control over any of its subsidiaries, the Group:

- Derecognizes  the assets of the subsidiary (including goodwill) and liabilities;
- Derecognizes the carrying amount of any uncontrolled interest;
- Derecognizes the cumulative transfer differences recognized in equity;
- Derecognizes the fair value of the consideration received;
- Derecognizes the fair value of any investment held;
- Derecognizes any surplus or deficit in the income statement; and
- Reclassifies the Group's equity previously recognized in conslolidated other comprehensive income to the conslolidated statement of profit or loss or retained earnings, as appropriate.

Segmental Information

Business segment is a Group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments, to the effect that it is measured according to the reports used by the Chief Executive Officer and the main decision maker at the Group.

Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

Debt Instruments at Amortized Cost or at Fair Value through Comprehensive income

The Group evaluates the classification and measurement of the financial asset based on the contractual cash flow characteristics and the Group's business model for asset management.

For an asset classified at amortized cost or at fair value through comprehensive income, its contractual terms should result in cash flows that are only principal and interest payments on the principal outstanding.

For the purpose of testing the principal and interest payments on the principal outstanding, the asset is the fair value of the financial asset at initial recognition. This principal amount may change over the life of the financial asset (for example, if there is a principal repayment). Interest consists of the allowance for the time value of money, the credit risk associated with the original amount outstanding over a given period of time, and other basic lending options and risks, as well as the profit margin. An assessment of the principal and interest payments is made for the principal amount outstanding in the currency in which the financial asset is evaluated.

Contractual cash flows represent the principal and interest payments on the principal outstanding and are consistent with the underlying funding arrangement. Contractual terms involving exposure to risks or fluctuations in contractual cash flows unrelated to the underlying financing arrangement, such as exposure to changes in equity prices or commodity prices, do not result in contractual cash flows that are only from principal and interest payments. A financial asset granted or acquired may also be the primary financing arrangement regardless of whether it is a loan in its legal form.

Evaluating the Business Model
Evaluation of business models for the management of financial assets is essential for the classification of financial assets. Moreover, the Group defines business models at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. In this regard, the Group's business model does not depend on the management's intentions concerning an individual instrument, and therefore the business model is evaluated at a group level and not on an instrument-by-instrument basis.

The Group adopts more than one business model to manage its financial instruments that reflect how the Group manages its financial assets to generate cash flows. In addition, the Group's business models determine whether cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both.

The Group takes into account all relevant information available when conducting an evaluation of the business model. However, this assessment is not done on the basis of scenarios that the Group does not expect to occur reasonably, such as the so-called "worst case" or "stress state" scenarios. The Group also takes into account all available relevant evidence such as:

- The portfolio stated policies and objectives and the application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining a specific profit rate, matching the period of financial assets with the period of financial liabilities that finance those assets, or achieving cash flows through the sale of assets.

- How to evaluate the performance of the business model and financial assets held in this business model and to report to key management personnel; and

- Risks affecting the performance of the business model (and the financial assets of that model), in particular the manner in which such risks are managed; and

- How to compensate business managers (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows received).

Upon initial recognition of the financial asset, the Group determines whether the newly recognized financial assets are part of an existing business model or whether they reflect the beginning of a new business model. The Group evaluates its business models in each reporting period to determine whether business models have changed since the prior period.

When a debt instrument measured at fair value through comprehensive income is derecognized, the cumulative gain / loss previously recognized in comprehensive income is reclassified as owners' equity to the statement of income. On the other hand, for equity investments measured at fair value through comprehensive income, the cumulative gain / loss previously recognized in comprehensive income is not subsequently reclassified to the statement of profit or loss but transferred directly to owners' equity.

Debt instruments that are subsequently measured are carried at amortized cost or at fair value through comprehensive income for impairment testing.

Reclassification
If the business model in which the Group retains financial assets changes, the financial assets that have been affected are reclassified. The classification and measurement requirements relating to the new class are effective from the first day of the first reporting period after the change in the business model resulting in the reclassification of the Company's financial assets. Changes in contractual cash flows are considered in the accounting policy for the adjustment and disposal of the financial assets described below.

Impairment
The Company recognizes the expected credit losses provisions on the following financial instruments that are not measured at fair value through the profit or loss:

- Balances and deposits at banks.
- Receivables and reinsurers receivables.
- Financial assets at amortized cost (debt instruments).
- Checks under collection

No impairment loss is recognized in owners' equity instruments.

The Group calculates the impact of impairment in the financial statements using the simplified approach.

Definition of Default in Payments

The definition of default is very important in determining the expected credit loss. It is used to measure the value of credit loss, because default is a component of the probability of default that affect the measurement of credit losses.

Impairment of Financial Assets

The Group takes a provision for the expected credit losses on receivables, checks under collection, and reinsurers' receivable. The expected credit losses are updated on each reporting date to reflect changes in creditworthiness since the initial recognition of the relevant financial instrument.

The Group continuously records the expected credit losses over their lives as regards receivables, checks under collection, and reinsurers' receivable. Moreover, the expected credit losses are estimated using a provsion matrix based on the Group's previous credit loss experience and adjusted to the factors relating to debtors, general economic conditions, and assessment of the current and future conditions at the reporting date, including the time value of cash, as appropriate.

For all other financial assets, the Group recognizes the expected credit losses over their lifetime if there has been a significant increase in credit risk since the initial recognition. The expected credit loss over its life span represents the expected credit losses that will arise from all probable defaults over the course of the expected lifetime of the financial instrument.

Expected Credit Losses Provison

The Group has adopted the simplified method to recognize the expected credit losses over their lifetime as permitted by IFRS (9). Accordingly, non-impaired financial instruments that do not contain a significant component of finance have been classified within the second stage with the recognition of expected credit losses over their lifetime.

A provision for the expected long-term credit loss of a financial instrument should be recognized if the credit risk on that financial instrument increases substantially since the initial recognition, and the expected credit loss is a potential weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Company expects to receive arising from the weighting of several future economic scenarios, discounted at the effective interest rate of the asset.

The Group assesses whether there is an objective evidence of impairment on an individual basis for each asset with an individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Adjustment and Derecognition of Financial Assets

An adjustment is made to the financial asset when the contractual terms that govern the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and and maturity of the financial asset. The adjustment affects the amount and / or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is adjusted, the Group assesses whether such an adjustment results in derecognition. According to the Company's policy, the adjustment leads to derecognition when it causes a significant difference in terms.

If a financial asset is derecognized, the provision for the expected credit losses at the de-recognition date is re-measured to determine the net carrying amount of the asset at that date. The difference between the adjusted carrying amount and the fair value of the new financial assets with the new terms will result in a gain or loss on derecognition.

When the contractual terms of a financial asset are modified, and the adjustment does not result in derecognition, the Company determines whether the credit risk of the financial asset has increased significantly since the initial recognition by comparing:

- The probability of non-payment for the remaining period estimated on the basis of data at initial recognition and original contractual terms; with

- The probability of non-payment for the remaining period at the reporting date based on the modified terms.

When the adjustment does not result in derecognition, the Company calculates the adjustment gain / loss to compare the total carrying amount before and after the adjustment (except for the expected credit loss provision). The Company then measures the expected credit loss of the adjusted asset, as the expected cash flows arising from the adjusted financial asset are included in the expected cash deficit from the original asset.

Derecognition of Financial Assets
The Company derecognizes a financial asset upon completion of the contractual rights relating to the receipt of the cash flows from the asset, or when the entity has transferred the financial asset, together with all significant risks and rewards of ownership, to another entity. If the Company does not transfer or retain substantially the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its remaining interest in the transferred asset and the related liabilities that the Company may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the financial asset.

Upon derecognition of any financial asset measured at amortized cost, the difference between the carrying amount of the asset and the consideration received or receivable is recognized in the consolidated statement of profit or loss.

Write-off
The Company derecognizes financial assets when there is information indicating that the debtor is experiencing financial difficulties, and there is no realistic probability of recovery, for example. When the debtor has been placed under liquidation, has entered bankruptcy proceedings, or where trade receivables age exceeds two years, whichever is earlier. The Company may continue to subject financial assets written off to collection procedures, taking into account legal advice, where appropriate. Meanwhile, any recoveries are recognized in the consolidated statement of profit or loss.

Financial Liabilities and Equity Instruments Issued by the Company
Classification as debt or equity instruments
Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements, the definitions of financial liabilities, and the equity instruments.

Equity Instruments
An equity instrument is defined as a contract that evidences ownership of the remaining shares of an entity's assets after deducting all liabilities. The equity instruments issued are recorded with the proceeds received net of the direct issue cost.

Financial Liabilities
All financial liabilities are subsequently measured at amortized cost using the effective yield method or at fair value through profit or loss. Financial liabilities that are not (i) a potential consideration for the acquiree in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

Payables and other credit balances whish are classified as “financial liabilities” are tentatively measured at fair value after deducting the relevant deal costs, while its measured subsequently at the amortized cost using effective yield method and the related interests expenses are recognized on the basis of effective yield except for short-term liabilities if the recognized return is not significant.

The effective yield method is the method of calculating the amortized cost of a financial liability and allocating the expense over the period in question. The effective yield rate is the rate that exactly discounts the expected future cash payments within the expected life of the financial obligation or, where appropriate, a shorter period.
Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when it is discharged from its obligations, or when such obligations are canceled or expired. The difference between the carrying amount of the derecognized financial liability and the consideration payable or payable is recognized in profit or loss.

Foreign Exchange Gains and Losses
The carrying amount of financial assets recorded in a foreign currency is determined and translated at the rate prevailing at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a specific hedging relationship, the currency exchange differences are recognized in the consolidated statement of profit and loss; and

- For debt instruments measured at fair value through comprehensive income that are not part of a specific hedging relationship, the exchange differences on the amortized cost of the debt instrument are recognized in the statement of profit or loss. Other exchange differences in comprehensive income are recognized in the revaluation reserve; and

- if financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or

- If a derivative is included in the basic financial or non-financial contract, and the derivative is not closely related to the basic contract.

Fair Value
Closing market prices (acquiring assets / selling liabilities) in active markets at the date of the consolidated financial statements represent the fair value of traded financial derivatives. In case declared market prices do not exist, some financial derivatives are not actively trading, or the market is inactive, fair value is estimated by one of several methods including the following:
- Comparison with the market value of another financial asset with similar terms and conditions.
- Analysis of future cash flows and expected discounted cash flow based on a rate used for similar instruments.
- Adoption of option pricing models.

The valuation methods aim at providing a fair value reflecting expectation of the market, and take into consideration market factors, risks, and future benefits when estimating the derivatives value. Moreover, financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

Property Investments
Property investments are stated at cost net of accumulated depreciation (excluding lands). In addition, impairment in their value is taken to the consolidated statement of profit or loss. The operating revenues or expenses of these investments are included in the consolidated statement of comprehensive income and/or in the statement of Policyholders' Revenues and Expenses. Moreover, these investments (excluding lands) are depreciated over their useful lives using the straight-line method at an annual rate of 2 - 20%.

Property investments are evaluated according to the decisions issued by the Ministry of Industry and Trade and Insurance Management. Moreover, their fair value is disclosed in the real estate investments note.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash balances with banks and financial institutions maturing within three months, less restricted balances.

Reinsurance Accounts

The Company carries out reinsurance operations with other insurance and reinsurance companies and is exposed in many areas to certain levels of risk. Reinsurance operations include the relative share, excess of loss agreements, facultative reinsurance and other reinsurance forms that essentially cover all types of insurance. Reinsurance contracts do not exempt the Company from its obligations to policyholders. Failure of reinsurers to meet their obligations may result in losses to the Company, and therefore, provisions are taken for the uncollectible amounts. The recoverable amount of the reinsurer is estimated in a manner commensurate with the Company's commitment to each claim.

Reinsurers' shares of insurance premiums and contributions, paid claims, technical provisions, and all the rights and obligations resulting from reinsurance according to the agreements between the Company and reinsurers are accounted for on the accrual basis.

Impairment in Assets Related to Reinsurance

In case there is any indication as to the impairment of the reinsurance assets of the Company, which possesses the reinsured contracts, the Company reduces the present value of the contracts and records the impairment loss in the consolidated statement of income. The impairment is only recognized in the following two cases:

1. There is objective evidence resulting from an event that took place after recording the reinsurance assets confirming the Company's inability to recover all amounts according to the contracts terms.

2. The event has a reliably and clearly measurable effect on the amounts the Company will recover from reinsurers.

Acquisition Costs of Insurance Policies and Takaful Policies

Acquisition costs represent the costs incurred by the Company against selling, underwriting, or starting new insurance contracts. The acquisition costs are recorded in the consolidated statement of income and/or in the statement of policyholders' revenues and expenses.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any accumulated impairment losses. Moreover, property and equipment (excluding lands) are depreciated when they are ready for use based on the straight-line method over their estimated useful lives using the following annual depreciation rates. The depreciation expense is recorded in the consolidated statement of profit or loss:

| | % |
|---|---|
| Buildings | 2 |
| Offices | 2 |
| Equipment, furniture, and fixtures | 10- 20 |
| Vehicles | 15 |
| Decorations | 10- 20 |

Depreciation is calculated for readily usable property and equipment when they are being used for their intended use.

Property and equipment, for the Group's use, are stated at cost net of accumulated impairment.

When the recoverable values of property and equipment is less than their carrying amounts, assets are written down to their recoverable values, and impairment losses are recorded in the consolidated statement of profit or loss.

The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from the expectations determined previously, the change in estimate is recorded in the following years, being a change in estimates.

Gains or losses on disposal of property and equipment, representing the difference between their sale proceeds and their carrying value, are recorded in the consolidated statement of profit or loss.

Property and equipment are derecognized when disposed of or when no future benefits are expected from their use or disposal.

Intangible Assets
Intangible assets acquired through merger are recorded at fair value upon their acquisition.

However, intangible assets acquired through other than merger are recorded at cost. Moreover, intangible assets are classified according to their estimated definite or indefinite lives. Intangible assets with definite useful lives are amortized over the life of the asset, and the impairment is recorded in the consolidated statement of income. Meanwhile, intangible assets with indefinite lives are reviewed for impairment at the date of the consolidated financial statements, and the impairment is recorded in the consolidated statement of profit or loss.

Internally generated intangible assets are not capitalized by the Company and its subsidiaries. Instead, they are recorded in the consolidated statement of profit or loss in the same year.

Indications of impairment in the value of intangible assets are reviewed at the date of the consolidated financial statements. Moreover, their useful lives are reassessed and adjustments are recorded in the subsequent periods.

Intangible assets are amortized over their estimated useful lives varying from 10% to 25% annually, and an amortization expense recorded in the consolidated statement of profit or loss.

Collateralized Financial Assets
Collateralized Financial Assets are those assets pledged to other parties with the right to use them (sell or re-mortgage). These assets are continuously evaluated according to the implemented accounting policies for each type according to their original classification.

Provisions
Provisions are recognized when the Company has obligations on the date of the consolidated statement of financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Amounts recognized as provisions represent the best estimate of the amounts required to settle the obligation as of the date of the consolidated financial statements, taking into consideration risks and the uncertainty relating to the obligation. When the provision amount is determined based on the expected cash flows for the settlement of the current obligation, its current book value represents the present value of these cash flows.

When it is expected that some or all the economic benefits required from other parties to settle the provision will be recovered, the receivable is recognized within assets if receipt of the compensations is certain and their values can be reliably measured.

First - Technical Provisions
Technical provisions are taken and maintained according to the regulations of the Insurance Commission as follows:

1. The provision for unearned contributions for general insurance activities is calculated according to the remaining days up to the expiry date of the insurance policy after the consolidated financial statements date on the basis of a (365) day year except for marine and land transport insurance in which the provision for unearned premiums is calculated on the basis of written premiums of the valid policies on the date of the consolidated financial statements according to the laws, regulations and instructions issued for this purpose.

2. The provision for outstanding claims (reported) is computed by determining the maximum amount of the total expected costs for each claim on an individual basis.

3. Contributions deficiency reserve and provision for incurred but not reported (IBNR) claims are calculated based on the Company's experience and estimates.

4. Unearned contributions reserve for Takaful insurance activities is calculated based on the Company’s experience and estimates and the actuary’s experience.

5. Mathematical reserve for life insurance policies is calculated based on the actuarial equations which are reviewed periodically by an independent actuary expert.

Second – End of Service Indemnity Provision

The provision for employees' end- of-service indemnity is calculated in accordance with the Company's policy that complies with the Jordanian Labor Law.

The annual compensation paid to employees leaving the service is recognized in the provision for end-of-service indemnity when paid, and a provision for the liabilities incurred by the Company concerning the employees' end- of- service indemnity is taken in the consolidated statement of profit or loss.

Liability Adequacy Test

All insurance claims are evaluated for sufficiency and suitability as of the consolidated statement of financial position date through calculating the present value of future cash flows for outstanding insurance contracts.

If the evaluation indicates that the present value of the insurance claims (various purchased expenditure is less convenient and related intangible assets) is not enough compared to the expected future outflows, then the whole amount of deficit is taken to the consolidated statement of profit or loss.

Income Tax

Income tax expenses represent accrued taxes and deferred taxes. They are determined based on taxable income. Moreover, taxable income differs from income declared in the consolidated statement of profit or loss, as declared revenue includes non-taxable revenue, tax expenses not deductible in the current year but deductible in the subsequent years, or accumulated losses acceptable by the tax authorities, or items that are not subject or deductible for tax purposes.

Taxes are calculated according to the tax rates prescribed by the prevailing laws, regulations, and instructions in the countries where the Company operates.

Deferred Taxes

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount.

Deferred taxes are calculated according to the liability method in the consolidated statement of financial position, based on the tax rates expected to be applied at the tax liability settlement date, or the realization of the deferred tax assets.

The balances of deferred tax assets are reviewed at the consolidated statement of financial position date and reduced in case they are (wholly or partially) not expected to be utilized, or the tax liability has been settled, or is no longer needed.

Cost of Issuing or Purchasing the  Insurance Company's Shares

Costs arising from issuing or purchasing shares are recorded to retained earnings (net after taking into account the tax effect of these costs,). If issuance or purchase is incomplete, these costs are recorded in the consolidated income statement.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position when there are binding legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Revenue Recognition

First - Insurance Contracts for Al-Takaful Insurance

Takaful Insurance contributions arising from Takaful insurance contracts are recorded as revenue for the year (earned insurance contributions) based on the maturities of time periods and in accordance with the insurance coverage periods. Unearned insurance premiums for Takaful premiums from insurance contracts at the date of the consolidated statement of financial position are recorded as unearned insurance contributions within liabilities.

Claims and incurred losses settlement expenses from Takaful insurance are recognized in the consolidated statement of policyholders' revenues and expenses based on the expected liability amount of the compensation relating to the insurance policyholders or other affected parties.

Claims and incurred losses settlement expenses for general insurance are recorded in the consolidated statement of profit or loss based on the expected liability amount of the compensation relating to the insurance policyholders or other affected parties.

Second - Dividends Income and Returns

Dividends income from investments are recorded when the right of the shareholder to receive dividends arises upon the related decision of the General Assembly of Shareholders.

Returns income are calculated on the accrual basis according to the maturity periods, original principals, and average earned return rate.

Third - Rent Revenue

Revenue from real estate investments with operating lease contracts are recognized based on the straight-line method over the contracts' periods, while the other expenses are recognized based on the accrual basis.

Expense Recognition

All commissions and other costs relating to the acquisition of new or renewed insurance policies are amortized in the consolidated statement of policyholders' revenues and expenses upon their occurrence. Other expenses are recognized on the accrual basis.

Insurance Compensations for General Insurance and Takaful Insurance

Insurance compensations for general insurance and Takaful Insurance represent the paid claims for the period and the change in outstanding claims reserve.

General and Takaful insurance compensations include all amounts paid during the year, whether they relate to the current year or previous years. Moreover, outstanding claims represent the highest estimated amount for settlement of all claims resulting from events prior to the consolidated statement of financial position date but still unsettled at that date. In addition, outstanding claims are calculated based on the best information available at the date of the consolidated financial statements and include the provision for unreported claims (IBNR).

Salvage and Subrogation Reimbursements

Estimates of salvage and subrogation reimbursements are considered in the measurement of the insurance liability for claims.

General and Administrative and Employee Expenses

First - General and Administrative Expenses – Takaful Insurance

General and administrative expenses relate to the owners' equity and are not allocated over underwriting accounts.

Shareholders' administration fees are allocated to underwriting accounts according to the Company's Sharia Supervisory committee at the beginning of each year.

Second - Employees' Expenses – Takaful Insurance
Employees' expenses are directly related to the owners' equity and should not be allocated to underwriting accounts.

Deficit Coverage Reserve (Contingencies Provision)
This item represent the amount deducted at 20% of policyholders' surplus and policyholders' gain from the sale of financial assets at fair value through comprehensive income for the purposes of covering the deficit in future financial periods, only if no accumulated deficit is present at the date of the transfer, and it is not distributable to policyholders', provided that the deficit coverage reserve does not exceed the total technical provisions.

In case of liquidation, the deficit coverage reserve (contingencies provision) is distributed over welfare activities after the settlement of Al-Qard Al-Hassan, if any.

Basis for determining the insurance surplus
Insurance surplus is the balance of the total contributions collected, returns on their investment, and any other revenues after deducting paid claims, technical reserves, shareholders' share for managing Takaful operations and investments, and all policyholders' fund expense.

The Company calculates the insurance surplus while considering all types of Takaful insurance as one unit.

- Allocating the insurance surplus
  The insurance surplus is limited to policyholders, and is owned jointly by them, while shareholders do not have the right to share this surplus.

  The insurance surplus was distributed to all policyholders according to the percentage of their contribution without distinguishing between those who received compensation and those who did not during the financial period.

  The Company retains the amounts to be distributed and not claimed by the policyholders in a separate account, and presents them within the rights of the policyholders, provided that they are transferred to the deficit coverage reserve (contingencies provision) after obtaining the approval of the Sharia Supervisory Committee.

  In case of liquidation, the insurance surplus for the period is allocated to policyholders' while any undistributed and unclaimed surplus of prior periods (if any) is distributed to welfare activities after the settlement of Al-Qard Al-Hassan, if any.

- Methods of covering policyholders' fund deficit

  In case of a deficit or an accumulated deficit in the policyholders' current account, the deficit is covered by the contingencies provision. In case of shortage in the contingencies provision, the shareholders shall grant Al-Qard Al-Hassan to the policyholders to cover the whole deficit. The Company maintains this provision versus these loans.

Transactions Non-compliant with Sharia' principles
The Company is committed to comply with the principles of Islamic Sharia' in all of its transactions and to disclose revenues and profits that are inconsistent with the Islamic Sharia' Principles.

Any revenue and gains non-compliant with Sharia' are recorded in a separate account which is presented in the consolidated financial statements within other credit balances (owners' equity liabilities) and are recorded in the consolidated statement of income. This account is used for charity, based on the Sharia' Supervisory Committee's decision.

Investment of financial assets of policyholders' and owners' equity.
The Company complies with the principles of Takaful Insurance by maintaining completely separate entries and records for both the policyholders and equity owners.

The Company determines a deduction rate of the contributions intended for investment purposes in accordance with its annual budget and expected future cash flows for each financial period.

Foreign Currency
For the purpose of the consolidated financial statements, the results and financial position of each entity of the Group are expressed in the functional currency unit of the Company and the presentation currency of the consolidated financial statements.

Separate financial statements of the subsidiaries are prepared, and the separate financial statements of each entity of the Group are presented in the functional currency in which it operates. Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of those transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at that date. Non-monetary items carried at fair value and denominated in foreign currencies are translated at the exchange rates at the date when the fair value is determined. Non-monetary items measured at historical cost in a foreign currency are not reclassified.

Exchange differences are recognized in the consolidated statement of profit or loss in the period in which they arise except for:

- Foreign exchange differences on transactions made in order to hedge foreign exchange risk.
- Foreign exchange differences on monetary items due to / from a foreign operation that are not planned to be settled, or are unlikely to be settled in the near future (and therefore these differences form part of the net investment in the foreign operation) are initially recognized in the consolidated statement of comprehensive income and reclassified from equity to the consolidated statement of profit or loss when selling or partially disposing of the net investment.

In order to present the consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated at the exchange rates prevailing at the statement of financial position date. Income is also translated at the average exchange rates for the period, unless exchange rates change significantly during that period, in which case the exchange rates prevailing on the transactions dates are used. The exchange differences therefrom, if any, are recognized in the consolidated statement of comprehensive income and stated in a separate line item under equity.

When foreign operations are disposed of (i.e. disposal of the Company’s entire share from foreign operations, outcome of loss of control over a subsidiary within foreign operations, partial disposal of its share in a joint arrangement or associate of a foreign nature in which the held share becomes a financial asset), all foreign exchange differences accumulated in a separate item under equity regarding that transaction attributable to the Company’s owners are reclassified to the consolidated statement of profit or loss.

Concerning the partial disposal of a subsidiary involving foreign operations that do not result in the Company’s loss of control over the subsidiary, its share of accumulated exchange differences is credited to net comprehensive income at the rate at which the disposal was made. Such share is not recognized in the consolidated statement of income. As for all other partial liquidation (such as partial liquidation of associates or joint ventures that do not result in the Company’s loss of significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

Leases
The Group as a lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its estimated borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liabilities are re-measured (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets are depreciated over the period of lease term or useful life of the underlying asset (which is shorter). If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS (36) to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in the consolidates statement of profit or loss.

The Company as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS (15) to allocate the consideration under the contract to each component.

3. Application of New and Revised International Financial Reporting Standards

a. Amendments not having a material impact on the Company's consolidated financial statements:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2020 or thereafter in the preparation of the Company's consolidation financial statements that did not materially affect the amounts and disclosures in the financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

| New and Revised Standards | Amendments to the New and Revised International and Standards |
|---|---|
| Amendment to the international financial reporting standard number (9) financial instruments, International accounting standard number (39) Financial instruments: Recognition and Measurement and the international financial reporting standard number(7) financial instruments disclosures related to Interest Rate Benchmark Reform | These amendments modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform; those amendments are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform.<br><br>These amendments are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required);<br><br>These amendments require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments. |
| Amendment to the international financial reporting standard number (3) "Business Combination" in terms of the Definition of a business | The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They<br>• Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;<br>• Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.<br>• Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.<br>• Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.<br>• Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. |

| New and Revised Standards | Amendments to the New and Revised International and Standards |
|---|---|
| Amendments to References to the Conceptual Framework in IFRS Standards to IFRS 2 Share based payments, IFRS 3 Business combinations, IFRS 6 Exploration for and evaluation of mineral resources, IFRS 14 Regulatory deferral accounts , IAS 1 Presentation of financial statements , IAS 8 Accounting policies, changes in accounting estimates and errors , IAS 34 Interim financial reporting , IAS 37 Provisions Contingent Liabilities and Contingent Assets, IAS 38 Intangible assets, IFRIC 12 Service concession arrangements, IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, IFRIC 22 Foreign Currency Transactions and Advance Consideration, and SIC-32 Intangible assets web site costs to update those pronouncements with regard to references to and quotes from the framework or incase referencing to a different framework from the conceptual framework to clarify it. | The company applied the amendments to IFRS (2),(6),(15);IAS (1),(8),(34),(37),(38) IFRIC (12),(19),(20),(22) and IFRIC (21) in the current year. |
| Amendments to IAS (1) Presentation of Financial Statements and IAS (8) Accounting Policies, Changes in Accounting Estimates and Errors in term of the definition of 'material' | Three new aspects of the new definition should especially be noted:<br>• Obscuring. The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1 (IAS 1.30A)<br>• Could reasonably be expected to influence. The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.<br>• Primary users. The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose. |
| Amendments to IFRS (16) Leases in terms of Covid-19 Related Rent Concessions in relation to (Covid-19) | The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification |

b. New and revised International Financial Reporting Standards issued and not yet effective:

The Company has not adopted the following new and amended IFRSs issued but not yet effective as at the date of the consolidated financial statements, and their details as follows:

| Effective for annual periods beginning on or after | Amendments to new and revised IFRSs |
|---|---|
| January 1, 2021 | Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS (9) Financial Instruments, IAS (39) Financial Instruments: Recognition and Measurement, IFRS (7) Financial Instruments Disclosures, IFRS (4) Insurance Contracts and IFRS (16) Leases)<br><br>The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS (9), IAS (39), IFRS (7), IFRS (4) and IFRS (16)) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition. |
| January 1, 2022 | Amendments to IFRS (3) *Business Combinations* relating to Reference to the Conceptual Framework.<br><br>The amendments update an outdated reference to the Conceptual Framework in IFRS (3) without significantly changing the requirements in the standard. |
| January 1, 2022 | Amendments to IAS (16) *Property, Plant and Equipment* relating to Proceeds before Intended Use.<br>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. |
| January 1, 2022 | Amendments to IAS (37) *Provisions, Contingent Liabilities and Contingent Assets* relating to Onerous Contracts - Cost of Fulfilling a Contract.<br>The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). |

| Effective for annual periods beginning on or after | Amendments to new and revised IFRSs |
|---|---|
| **January 1, 2022** | Annual Improvements to IFRS Standards 2018 – 2020<br>Makes amendments to the following standards:<br>• IFRS (1) *First-Time Adoption of International Financial Reporting Standards* – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS (1) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.<br>• IFRS (9) *Financial Instruments* – The amendment clarifies which fees an entity includes when it applies the '10%' test in paragraph B3.3.6 of IFRS (9) in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.<br>• IFRS 16 *Leases* – The amendment to Illustrative Example (13) accompanying IFRS (1)6 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.<br>• IAS (41) *Agriculture* – The amendment removes the requirement in paragraph 22 of IAS (41) for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. |
| January 1, 2023 | Amendments to IAS (1): Presentation of financial statements related to classification of liabilities as current or non-current. The amendments aim to enhance consistency in the application of requirements by helping the entity to determine whether debts and other liabilities should be classified in the statement of financial position to which it has a settlement date uncertain as current (due or likely to be due within one year) or not current. |
| January 1, 2023 | Amendments to IFRS (4) Insurance Contracts extending the temporary exemption from applying the IFRS (9).<br><br>The amendment changes the expiration date specified for the temporary exemption in the IFRS (4) from the application of the IFRS (9) Financial Instruments, so that companies are required to apply the IFRS (9) for the annual periods that begin on or after January 1, 2023. |

| Effective for annual periods beginning on or after | Amendments to new and revised IFRSs |
|---|---|
| January 1, 2023 | Amendments to IFRS (17) Insurance Contracts<br>Amendments to IFRS (17) addresses the concerns and application challenges which have been identified after publishing IFRS (17) in 2017. The main changes includes the following:<br>• Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023.<br>• Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.<br>• Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination.<br>• Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.<br>• Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.<br>• Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.<br>• Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held.<br>• Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.<br>• Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach. |
| Deferred indefinitely, Adoption is still permissible | Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) in terms of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |

Management expects to apply these new standards, interpretations, and amendments to the Company's consolidated financial statements when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may have no material impact on the Company's consolidated financial statements in the initial application.

## 4. Use of Estimates

Preparation of the consolidated financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and investments revaluation reserve which present in owners' equity and/or policyholders' equity and consolidated comprehensive income. In particular, the Company's management is required to issue significant judgments to assess expected future cash flows and their timing. The above - mentioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

Judgments and estimates and are periodically reviewed, the impact of the change in estimates of the current financial year in which the change exists is recorded in case the change affected the current financial period only, the changes in the estimates of the current financial period in which the change exists and for the future financial periods in case the change has an impact on the current financial period and future financial periods.

We believe that the estimates within the consolidated financial statements are reasonable. The details are as follows:

- Management periodically revaluates the productive lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of those assets and estimates of their expected productive lives in the future. Any impairment loss is taken to the consolidated statement of income.

- The claims provision and technical provisions are taken based on technical studies and according to the instructions of the Insurance Commission. Moreover, the mathematical reserve is taken based on actuarial studies.

- A provision for lawsuits against the Company is based on a legal study by the Company's lawyer according to which probable future risks are determined. Such studies are checked periodically.

- Calculation of the provision for expected credit losses: requires management to use significant judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of an increase in the credit risk of financial instruments after initial recognition and future measurement information for expected credit losses. The expected credit loss is measured as an expected credit loss provision over the life of the assets.

Determination of the number and relative weight of scenarios and the outlook for each type of product / market and the determination of future information relevant to each scenario: When measuring the expected credit loss, the Company uses reasonable and supported future information based on the assumptions of future variables of different economic variables and how these variables affect each other.

Probability of Default: The probability of default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

Loss on presumption of default: Loss on the presumption of default is an estimate of loss resulting from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, considering the cash flows from the collateral (if any).

- The Company classifies financial instruments or components of financial assets at initial recognition either as a financial asset or financial liability or as a title deed in accordance with the substance of the contractual agreements and the definition of the instrument. The reclassification of a financial instrument is subject to the substance of the consolidated financial statements and not to its legal form.

- When measuring financial assets and liabilities, some of the Company's assets and liabilities are re -measured at fair value for financial reporting purposes. When estimating the fair value of any assets or liabilities, the Company uses available observable market data.

- Provision for income tax: The financial year is charged with its share from income tax according to the prevailing laws and regulations and IFRS, and the necessary tax provision is calculated and recorded accordingly.

- Real estate investments are evaluated by independent and certified real estate appraisers according to the resolutions issued by insurance management for the purpose of calculating the impairment. Moreover, their fair value is disclosed in the consolidated financial statements.

- Fair Value hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e. assessing whether inputs are observable and whether the unobservable inputs are significant, which require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When evaluating the fair value of the financial assets and liabilities, the company uses market information when these are available. In case the Level one inputs are not available. In case of Level one input doesn’t exist, the company deals with independent and qualified party to prepare evaluation studies. In such case, suitable evaluation methods and in puts used in preparing evaluation studies are reviewed by management.

- Extension and termination options in lease contracts:
  Extension and termination options are included in a number of leases across the Company. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable both by the Company and the respective lessor.

- In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

- Discounting of lease payments
  The lease payments are discounted using the Company’s incremental borrowing rate (“IBR”). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

- Covid – 19 pandemic impact

  The occurrence of the outbreak of the Corona virus (COVID-19) at the beginning of the year 2020 and its spread in several geographical regions around the world has caused disturbances to economic activities and businesses, and this event is witnessing continuous and rapid developments, which requires the group management to conduct an assessment of the expected effects on the group's business, and conducting a study to review and evaluate potential risks in the consolidated financial statements as of December 31, 2020, based on the foregoing, the group has taken the following measures to contain the crisis as follows:

  a. The Company has formed a business continuity planning committee to determine and oversee the implementation of business continuity plan, which are:

     - Providing alternative locations to distribute the employees on, in order to ensure continuity of work and to maintain social separation among employees.

     - Activate working remotely feature for sensitive jobs in order to ensure the continuity of providing service to customers through electronic channels.

     - Maintaining the safety of all employees and clients, through taking all procedures related to the sterilization of branches and workplaces.

  b. In terms of monitoring the impact of the COVID-19 crisis on the group's business results, the management has updated the forward-looking assumptions used in calculation of expected credit losses provision.

  c. As for monitoring the impact of the COVID-19 crisis on the group’s liquidity levels, the group’s management has prepared all scenarios related to stressful situations, knowing that the group has comfortable levels and a strong solvency margin that enables it to respond to market conditions and economy developments.

## 5. Deposits at Banks - net

This item consists of the following:

| | December 31, 2020 | | | | | | | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Deposits maturing within one month | | Deposits maturing after a month till three months | | Deposits maturing after three months till one year | | Total | | | Total | | |
| | Policyholders | Owners' Equity | Policyholders | Owners' Equity | Policyholders | Owners' Equity | Policyholders | Owners' Equity | Total | Policyholders | Owners' Equity | Total |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Inside Jordan | 644,018 | 46,322 | - | - | 1,502,336 | 7,000,000 | 2,146,354 | 7,046,322 | 9,192,676 | 1,447,825 | 8,899,446 | 10,347,271 |
| Outside Jordan | - | - | - | 801,217 | - | 2,120,608 | - | 2,921,825 | 2,921,825 | - | 2,785,875 | 2,785,875 |
| Expected credit loss provision * | (5,441) | (313) | - | (5,414) | (12,692) | (61,633) | (18,133) | (67,360) | (85,493) | (18,133) | (67,360) | (85,493) |
| | 638,577 | 46,009 | - | 795,803 | 1,489,644 | 9,058,975 | 2,128,221 | 9,900,787 | 12,029,008 | 1,429,692 | 11,617,961 | 13,047,653 |

* The return rates on deposits at banks in Jordanian Dinars range from 1,5% to 4,3%. Meanwhile, the rate of return on deposit balances outside of Jordan in US Dollars ranged from 3,75% to 4,8% during the year 2020.

6. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

| | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Policyholders | Owners' Equity | Policyholders | Owners' Equity |
| Inside Jordan: | JD | JD | JD | JD |
| Quoted shares listed in Amman Stock Exchange | - | 938,150 | - | 843,324 |
| Unquoted Shares * | - | 14,276 | - | 160,349 |
| | - | 952,426 | - | 1,003,673 |
| Outside Jordan: | | | | |
| Quoted shares | | 209,000 | - | 231,000 |
| Unquoted shares * | - | 122,822 | - | 122,822 |
| | - | 331,822 | - | 353,822 |
| Total | **-** | 1,284,248 | **-** | 1,357,495 |

* This item represents financial assets without publicly traded prices. The Fair values were estimated by the Group's management.

## 7. Financial Assets at Amortized Cost – Net

This item consists of the following:

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Policyholders | Owners' Equity | Total | Policyholders | Owners' Equity | Total |
| | JD | JD | JD | JD | JD | JD |
| Sukuk | 991,359 | 5,382,380 | 6,373,739 | 990,340 | 5,545,101 | 6,535,441 |
| Expected credit losses provision* | (790) | (5,564) | (6,354) | (790) | (5,564) | (6,354) |
| | 990,569 | 5,376,816 | 6,367,385 | 989,550 | 5,539,537 | 6,529,087 |

- The above Sukuks have an annual fixed return rate that ranges from 3.56% to 5.99%.
- Sukuk returns are accrued on a semi-annual basis up to the maturity date. The maturity dates are ranges from 1 year to 7 years.
- During the year, one sukuks with a face value of JD 141,973 was matured.
- Sukuk returns amounting to JD 329,764 were recognized during the year 2020.
- During the 2020, amortization reached JD 19,729.

## 8. Property Investments -Net

This item consists of the following:

| | December 31, | |
|---|---|---|
| | 2020 | 2019 |
| | JD | JD |
| Land | 5,004,525 | 5,004,525 |
| Net buildings after depreciation* | 1,712,960 | 1,764,799 |
| Net Real estate investments | 6,717,485 | 6,769,324 |

- The fair value of the property investments was estimated by three real estate valuators at JD 7,110,083 based on the latest evaluation report.
- Buildings include an amount of JD 725,073 owned by policyholders and intended for investment in rental activities.

* Depreciation on property investments amounted to JD 51,839 for the year ended December 31, 2020 (JD 51,698 as of December 31, 2019).

## 9. Cash on Hand and at Banks

This item consists of the following:

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Policyholders | Owners' Equity | Total | Policyholders | Owners' Equity | Total |
| | JD | JD | JD | JD | JD | JD |
| Cash on hand | 125,290 | 1,650 | 126,940 | 122,316 | 1,000 | 123,316 |
| Current accounts at banks | 581,705 | 164,002 | 745,707 | 273,889 | 83,586 | 357,475 |
| | 706,995 | 165,652 | 872,647 | 396,205 | 84,586 | 480,791 |

10. Checks under Collection - net

This item consists of the following:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | JD | JD |
| Checks under collections * | 3,082,183 | 2,869,465 |
| (Less): Expected credit losses provision | (62,500) | (62,500) |
| | 3,019,683 | 2,806,965 |

* Maturity of checks under collection are dated until July 25, 2022. Noting that checks that are mature after one year amounted to JD 20,170.

11. Receivables -net

This item consists of the following:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | JD | JD |
| Policyholders' receivable | 14,870,754 | 16,185,948 |
| Brokers' receivable | 18,969 | 13,808 |
| Employees' receivable | 101,228 | 116,752 |
| Owners' equity receivable | 18,008 | 80,870 |
| Other | 69,918 | 98,172 |
| Total | 15,078,877 | 16,495,550 |
| (Less): Expected credit losses provision* | (1,601,001) | (1,151,001) |
| | 13,477,876 | 15,344,549 |

* The movement on the expected credit losses provision is as follows:

| | For the Year Ended December 31, 2020 | For the Year Ended December 31, 2019 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 1,151,001 | 1,001,001 |
| Add: additions during the year – Note (33) | 450,000 | 150,000 |
| Balance at the end of the year | 1,601,001 | 1,151,001 |

- The table below shows the aging of receivables:

| December 31, 2020 | Undue receivables | 1-90 Days | 91-180 Days | 181-360 Days | More than 361 Days | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| Policyholders receivable | 5,458,853 | 4,053,989 | 1,942,071 | 1,999,456 | 1,416,385 | 14,870,754 |
| Brokers' receivable | - | 1,560 | 1,177 | 11,752 | 4,480 | 18,969 |
| Employees' receivable | 98,103 | 3,125 | - | - | - | 101,228 |
| Owners' Equity receivable | - | 2,275 | 12,413 | 3,320 | - | 18,008 |
| Other | - | 53,614 | 2,965 | 11,380 | 1,959 | 69,918 |
| Receivables | 5,556,956 | 4,114,563 | 1,958,626 | 2,025,908 | 1,422,824 | 15,078,877 |

| December 31, 2019 | Undue receivables | 1-90 Days | 91-180 Days | 181-360 Days | More than 361 Days | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| Policyholders receivable | 6,059,160 | 5,581,584 | 1,930,466 | 1,570,828 | 1,043,705 | 16,185,743 |
| Brokers' receivable | - | 7,035 | 1,553 | 1,233 | 3,988 | 13,809 |
| Employees' receivable | 67,484 | 21,339 | 12,900 | 12,271 | 2,757 | 116,751 |
| Owners' Equity receivable | - | 54,983 | - | 25,887 | - | 80,870 |
| Other | 21,674 | 65,372 | 7,274 | 4,057 | - | 98,377 |
| Receivables | 6,148,318 | 5,730,313 | 1,952,193 | 1,614,276 | 1,050,450 | 16,495,550 |

Noting that total scheduled and un-due debts amounted to JD 5,556,956 as of December 31, 2020.

## 12. Reinsurance Receivables - Net

This item consists of the following:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | JD | JD |
| Local insurance companies | 1,734,596 | 1,551,404 |
| Foreign reinsurance companies | 727,382 | 1,009,326 |
| Total reinsurance receivables | 2,461,978 | 2,560,730 |
| (Less): Expected credit losses provision* | (170,000) | (170,000) |
| | 2,291,978 | 2,390,730 |

The table below shows the ageing of reinsurance receivables:

| | Undue receivables | 1-90 days | 91-180 days | 181-360 days | More than 361 days | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| December 31, 2020: | | | | | | |
| Local insurance companies | 1,101,794 | 271,082 | 135,744 | 104,912 | 121,064 | 1,734,596 |
| Foreign reinsurance companies | 11,638 | 466,318 | 152,764 | 61,684 | 34,978 | 727,382 |
| Reinsurance receivables | 1,113,432 | 737,400 | 288,508 | 166,596 | 156,042 | 2,461,978 |
| December 31, 2019: | | | | | | |
| Local insurance companies | 831,682 | 432,572 | 101,529 | 88,570 | 97,051 | 1,551,404 |
| Foreign reinsurance companies | 271,443 | 642,060 | 8,785 | 87,038 | - | 1,009,326 |
| Reinsurance receivables | 1,103,125 | 1,074,632 | 110,314 | 175,608 | 97,051 | 2,560,730 |

## 14. Intangible Assets - net

This item consists of the following:

| | Computer Software and Programs | |
|---|---|---|
| | December 31, | |
| | 2020 | 2019 |
| | JD | JD |
| Balance at the beginning of the year | 939,698 | 79,509 |
| Additions | 124,119 | 123,854 |
| Transfers – Note (15) | - | 815,110 |
| Balance at the end of the year | 1,063,817 | 1,018,473 |
| Amortization | (130,015) | (78,775) |
| Net book value at the end of the year | 933,802 | 939,698 |
| Annual Amortization Rate | 10% - 25% | 10% - 25% |

## 15. Projects under Construction

The details of this item are as follows:

| | December 31, | |
|---|---|---|
| | 2020 | 2019 |
| | JD | JD |
| Balance at the beginning of the year | 4,200,149 | 2,379,199 |
| Additions* | 1,051,213 | 2,636,060 |
| Transfers - Note (13) & (14) * | (5,251,362) | (815,110) |
| Net Book Value at the End of the Year | - | 4,200,149 |

* In September 2016, the Company commenced the construction of their new headquarters on a plot of land located at Sweileh, the project was completed at the beginning of the fourth quarter of 2020.

## 16. Other Assets

This item consists of the following:

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Policyholders | Owners' Equity | Total | Policyholders | Owners' Equity | Total |
| | JD | JD | JD | JD | JD | JD |
| Accrued and un-received revenue* | 25,211 | 591,064 | 616,275 | 25,032 | 406,610 | 431,642 |
| Prepaid expenses | - | 193,138 | 193,138 | - | 106,820 | 106,820 |
| Refundable insurance deposits | 5,510 | 38,554 | 44,064 | 8,750 | 38,403 | 47,154 |
| | 30,721 | 822,756 | 853,477 | 33,782 | 551,833 | 585,616 |

* This item includes an amount of JD 231,513, which represents a lawsuit related to a stamps with the Ministry of Finance, for which the final court decision was issued in favor of the Company during the year 2020.

13- Property and Equipment - net

The details of this item are as follows:

| | Land | Buildings | Offices | Equipment, and Furniture | Vehicles | Decorations | Total |
|---|---|---|---|---|---|---|---|
| For the Year 2020 | JD | JD | JD | JD | JD | JD | JD |
| Cost: | | | | | | | |
| Balance at the beginning of the year | 2,676,458 | 1,461,649 | 1,555,899 | 999,975 | 161,914 | 523,556 | 7,379,451 |
| Additions | - | - | - | 67,279 | - | 13,068 | 80,347 |
| Transfers from projects under construction - Note 15 | - | 3,765,396 | - | 1,138,807 | - | 347,159 | 5,251,362 |
| Disposals | - | - | - | (83,014) | - | - | (83,014) |
| Balance at the end of the year | 2,676,458 | 5,227,045 | 1,555,899 | 2,123,047 | 161,914 | 883,783 | 12,628,146 |
| Accumulated depreciation: | | | | | | | |
| Balance at the beginning of the year | - | 341,603 | 129,302 | 811,880 | 67,111 | 385,105 | 1,735,001 |
| Depreciation for the year | - | 54,278 | 31,203 | 110,229 | 24,323 | 57,954 | 277,987 |
| Disposals | - | - | - | (83,014) | - | - | (83,014) |
| Balance at the end of the year | - | 395,881 | 160,505 | 839,095 | 91,434 | 443,059 | 1,929,974 |
| Net book value at the end of the year | 2,676,458 | 4,831,164 | 1,395,394 | 1,283,952 | 70,480 | 440,724 | 10,698,172 |
| For the Year 2019 | | | | | | | |
| Cost: | | | | | | | |
| Balance at the beginning of the year | 2,676,458 | 1,461,649 | 1,555,899 | 926,330 | 176,393 | 497,882 | 7,294,611 |
| Additions | - | - | - | 73,645 | 32,521 | 25,674 | 131,840 |
| Disposals | - | - | - | - | (47,000) | - | (47,000) |
| Balance at the end of the year | 2,676,458 | 1,461,649 | 1,555,899 | 999,975 | 161,914 | 523,556 | 7,379,451 |
| Accumulated depreciation: | | | | | | | |
| Balance at the beginning of the year | - | 312,370 | 98,190 | 747,911 | 91,825 | 334,505 | 1,584,801 |
| Depreciation for the year | - | 29,233 | 31,112 | 63,969 | 22,286 | 50,600 | 197,200 |
| Disposals | - | - | - | - | (47,000) | - | (47,000) |
| Balance at the end of the year | - | 341,603 | 129,302 | 811,880 | 67,111 | 385,105 | 1,735,001 |
| Net book value at the end of the year | 2,676,458 | 1,120,046 | 1,426,597 | 188,095 | 94,803 | 138,451 | 5,644,450 |
| Depreciation Rate % | - | 2 | 2 | 10-20 | 15 | 10-20 | |

- Fully depreciated property and equipment amounted to JD 937,809 as at 31 December 2020 (JD 870,671 as at 31 December 2019).
- The disposal resulted in a profits of JD 3,148 which were recorded in the Company's consolidated statement of profit or loss as of December 31, 2020 (JD 10,798, as of December 31, 2019)

## 17. Payables

This item consists of the following:

| | December 31, 2020 | | | December 31, 2019 |
|---|---|---|---|---|
| | Policyholders | Owners' Equity | Total | Total |
| | JD | JD | JD | JD |
| Agents payable | 180,009 | - | 180,009 | 162,591 |
| Brokers payable | 196,964 | - | 196,964 | 186,625 |
| Employees payable | - | 76,243 | 76,243 | 9,182 |
| Suppliers payable | 436,469 | 39,041 | 475,510 | 552,073 |
| Other * | 1,054,330 | 61,405 | 1,115,735 | 2,088,223 |
| Total | 1,867,772 | 176,689 | 2,044,461 | 2,998,694 |

* This item consists of amounts payable to customers, loss adjusters, lawyers, consultants and medical network provider.

## 18. Reinsurers Payable

This item consists of the following:

| | December 31, 2020 | | | December 31, 2019 |
|---|---|---|---|---|
| | Policyholders | Owners' Equity | Total | Total |
| | JD | JD | JD | JD |
| Local insurance companies | 338,162 | 8,533 | 346,695 | 686,232 |
| Foreign reinsurance companies | 6,534,189 | 30,558 | 6,564,747 | 7,705,032 |
| | 6,872,351 | 39,091 | 6,911,442 | 8,391,264 |

## 19. Various provisions

This item consists of the following:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | JD | JD |
| Provision for operations inconsistent with the Islamic Sharia Law | 2,258 | 13,244 |
| Board of Directors Remuneration | 45,000 | 45,000 |
| | 47,258 | 58,244 |

The movement in various provisions is as follows:

| | Balance Beginning of the Year | Added During the Year | Paid During the Year | December 31, 2020 | December 31, 2019 |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Provision for operations inconsistent with the Islamic Sharia Law | 13,244 | 42,139 | 53,125 | 2,258 | 13,244 |
| Board of Directors Remuneration | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| | 58,244 | 87,139 | 98,125 | 47,258 | 58,244 |

## 20. Income Tax

a. Income tax provision

Movement on the income tax provision is as follows:

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Policyholders | Owners' Equity | Total | Policyholders | Owners' Equity | Total |
| | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 41,498 | 367,683 | 409,181 | 53,356 | 3,545 | 56,901 |
| Income tax paid | (3,858) | (501,932) | (505,790) | (6,689) | (115,606) | (122,295) |
| Accrued income tax for the year | 118,568 | 488,906 | 607,474 | (5,169) | 479,744 | 474,575 |
| Balance at the end of the year | 156,208 | 354,657 | 510,865 | 41,498 | 367,683 | 409,181 |

b. Income tax in the consolidated statement of policyholders' revenue and expenses and the consolidated statement of profit or loss is as follows:

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Policyholders | Owners' Equity | Total | Policyholders | Owners' Equity | Total |
| | JD | JD | | JD | JD | |
| Accrued income tax for the year profits | 118,568 | 488,906 | 607,474 | (5,169) | 479,744 | 474,575 |
| Deferred tax assets effect | (179,363) | - | (179,363) | (283,981) | (38,326) | (322,307) |
| (Surplus) Income tax expense | (60,795) | 488,906 | 428,111 | (289,150) | 441,418 | 152,268 |

- In the management and the Company tax expert opinion, the income tax provision is considered appropriate as of December 31, 2020.

- The Group has obtained a final settlement from the Income and Sales Tax Department until the end of 2018.

- A tax return was submitted for the year 2019 within the legal period and was not audited by the Income and Sales Tax Department, and no final decision was issued in this regard.

- The income tax provision for the years 2019 and 2020 were calculated for the parent Company in accordance with the Income Tax Law at a rate of 26% for balances inside the Kingdom while a rate of 10% for the balances outside the kingdom, and this is in according to the amended Income Tax Law (38/2018).

- The provision for income tax was calculated for years 2019 and 2020 for subsidiaries in accordance with Income Tax Law (38/2018) with a percentage of 21%.

c. Deferred Tax Assets/Liabilities:

Deferred Tax Assets and Liabilities are a result of temporary differences in terms of items that appear in the Company's consolidated financial statements and details as follows:

| | For the year ended December 31, 2020 | | | | | For the year ended December 31, 2019 |
|---|---|---|---|---|---|---|
| | Year Beginning Balance | Amounts added | Amounts released | Balance at the End of the Year | Deferred Tax | Deferred Tax |
| | JD | JD | JD | JD | JD | JD |
| Deferred Tax Assets: | | | | | | |
| Expected Credit Losses – Receivables | 1,151,001 | 450,000 | - | 1,601,001 | 416,260 | 299,260 |
| Expected Credit Losses – Reinsurance Receivables | 170,000 | - | - | 170,000 | 44,200 | 44,200 |
| Expected Credit Losses –Banks deposits | 85,494 | - | - | 85,494 | 22,228 | 22,228 |
| Expected Credit Losses – Sukuk | 6,355 | - | - | 6,355 | 1,652 | 1,652 |
| Expected Credit Losses – Checks under collection | 62,500 | - | - | 62,500 | 16,250 | 16,250 |
| Cumulative change in fair value of financial assets through comprehensive income | 381,619 | 332,596 | 381,619 | 332,596 | 33,260 | 31,975 |
| IBNR – net | 861,774 | 239,857 | - | 1,101,631 | 286,424 | 224,061 |
| | 2,718,743 | 1,022,453 | 381,619 | 3,359,577 | 820,274 | 639,626 |
| Deferred Tax Liabilities: | | | | | | |
| Cumulative change in fair value of financial assets through comprehensive income | 3,595 | 3,061 | 3,595 | 3,061 | 796 | 934 |
| | 3,595 | 3,061 | 3,595 | 3,061 | 796 | 934 |

- No deferred taxes have been calculated on the subsidiaries, as the investment income in the shares is not taxable according to the Income Tax Law (38/2018).

## 21. Other Liabilities

This item consists of the following:

| | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Policyholders | Owners' Equity | Total | Policyholders | Owners' Equity | Total |
| | JD | JD | JD | JD | JD | JD |
| Various governmental deposits | 173,469 | 75,559 | 249,028 | 191,607 | 55,511 | 247,118 |
| Various deposits | 910 | 404,423 | 405,333 | 4,423 | 315,684 | 320,107 |
| | 174,379 | 479,982 | 654,361 | 196,030 | 371,195 | 567,225 |

## 22. Policyholders' Surplus

Below is the movement summary of the policyholders' surplus:

| | December 31, | |
|---|---|---|
| | 2020 | 2019 |
| | JD | JD |
| Balance at the beginning of the year | - | - |
| Policyholders' (deficit) surplus during the year | (141,865) | 1,992 |
| Transferred from deficit cover reserve (contingencies provision) | 141,865 | (1,992) |
| Balance at the end of the year | - | - |

- An approval from Al-Sharia Supervisory Committee was taken to allocate the full surplus as the deficit coverage reserve in the fund.

## 23. Deficit Cover Reserve (Contingency Provision)

- The accumulative balances in the account represents what has been transferred from the policyholders' fund surplus during this year and previous years.

- Below is the movement summary of the cover deficit reserve(contingencies provision):

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 145,276 | 143,284 |
| Transfers from reserve to cover the policyholders' fund deficit | (141,865) | 1,992 |
| Balance at the end of the year | 3,411 | 145,276 |

## 24. Capital

Authorized and paid up-capital amounted to JD 28 million as of December 31, 2020 and 2019 distributed over 28 million shares, with a par value of JD 1 per share.

## 25. Statutory Reserve

The amounts in this account represent appropriations from the annual income before tax at 10% during the current and previous years according to the Companies Law and this reserve is not distributable to shareholders.

## 26. Financial Investments Valuation Reserve – net after tax

This item consists of the following:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | (1,715,994) | (1,874,622) |
| Unrealized (loss) gain for financial assets at fair value through comprehensive income | (201,881) | 158,628 |
| Balance at the end of the year | (1,917,805) | (1,715,994) |

## 27. Retained Earnings

a. This item consists of the following:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 3,387,709 | 3,549,146 |
| Profit for the year | 1,612,354 | 2,283,271 |
| (Losses) from sale of financial assets at fair value through comprehensive income | - | (639,178) |
| Transferred to statutory reserve | (217,797) | (265,530) |
| Dividends distributed to shareholders | (1,260,000) | (1,540,000) |
| Balance at the end of the year | 3,522,266 | 3,387,709 |

b. Proposed dividends:

In its meeting held on February 25, 2021, the Board of Directors decided to give a recommendation to the General Assembly which will be held on April 28 ,2021 to approve a distribution of 3.5% from the group's capital as cash dividends to shareholders for year 2020 profits. Cash dividends distributed to the shareholders amounted to JD 1.26 million which is 4.5% of the Company capital for the profit of year 2019.

## 28. Investments Income – Takaful Insurance

This item consists of the following:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Policyholders | Owners' Equity | Policyholders | Owners' Equity |
| | JD | JD | JD | JD |
| Income from deposits | 61,293 | 404,518 | 90,652 | 559,635 |
| Shareholders share in return to managing the investments portfolio | (21,452) | 21,452 | (31,728) | 31,728 |
| Total | 39,841 | 425,970 | 58,924 | 591,363 |

- The compensation for managing the investments is determined based on the Islamic principle Modaraba, which is based on the budgets prepared by the Company and on a fair basis to policyholders.

- The Company strictly separates the assets and liabilities of the policyholders and those of equity owners. Therefore, the investment returns of the assets of the policyholders are determined accurately.

- As for the investing policyholders' surplus, the contractual relation between the equity owners and policyholders is based on the Islamic principle Modaraba against a percentage from the investment's income.

- The Al-Sharia Supervisory Committee determined the owners' equity mudaraba share in return to management for the years 2020 and 2019, the percentage from the investment's income was 35%.

## 29. Gains from financial assets and investments

This item consists of the following:

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Policyholders | Owners' Equity | Total | Policyholders | Owners' Equity | Total |
| | JD | JD | JD | JD | JD | |
| Rental income – net * | 7,060 | 103,363 | 110,423 | 32,702 | 108,880 | 141,582 |
| Dividends received from financial assets at fair value through comprehensive income | - | 36,735 | 36,735 | - | 93,081 | 93,081 |
| Returns on sukuk and wakala investments | 56,017 | 273,747 | 329,764 | 55,807 | 380,216 | 436,023 |
| Currency differences | 1,170 | - | 1,170 | - | 30,798 | 30,798 |
| Other Revenue | - | 219,809 | 219,809 | - | 59,782 | 59,782 |
| Total gains from financial assets and investments | 64,247 | 633,654 | 697,901 | 88,509 | 672,757 | 761,266 |
| Shareholders' share in return of investment property portfolio management | (22,487) | 22,487 | - | (30,978) | 30,978 | - |
| | 41,760 | 656,141 | 697,901 | 57,531 | 703,735 | 761,266 |

* After deduction the depreciation for the year amounted to JD 51.839 – Note (8).

## 30. Owners' Share for Takaful Operations Activities Management

- The contractual relationship between owners' equity and policyholders represents an agent relationship to manage the insurance business through a specialized staff appointed for this mission.

- Wakala fees determined for year 2020 a percentage of %17 for the motor departments (17% for 2019), 19% for the medical department deducted from it the management fees (22% for 2019), 25% for the marine department (25% for 2019), 7% for the aviation department (7% for 2019), 20% for the fire department and other damages (20% for 2019), 25% for the liability and other departments (25% for 2019), and 15.5% for Takaful insurance department – Life (22% for 2019). Moreover, Wakala fees were decreased to a percentage of 10% for the policies issued by the departments owned by policyholders from insurance contributions utilized against real estate rentals, except for the returned policies for which Wakala fees have been set at 100% optionally, and a percentage of 10% is charged on the insurance contributions for the policies issued by the said departments, provided that the value of this percentage does not exceed 90% of the reinsurance commission. As for the surplus of the bondholders' funds, the contractual relationship between owners' equity and policyholders is based on Islamic principle Mudabara against a share of the investment profits. In year 2020 it was set at 35% of the investment profits.

- Compensation for the investment management parties is based on the Islamic principles of (Modaraba & Wakala) and the Company's budgets and is determined fairly for the policyholders. Moreover, the Company strictly separates the assets and liabilities of the policyholders from those of the equity owners. Therefore, the returns on the policyholders' assets are determined accurately.

## 31. General and Administrative Expenses

This item consists of the following:

| | 2020 | 2019 |
|---|---|---|
| | JD | JD |
| Stationery and printing | 86,568 | 105,002 |
| Advertisements | 48,605 | 100,092 |
| Sharia' Supervisory Committee's fees | 30,900 | 24,200 |
| Board of Directors' expenses | 162,136 | 194,988 |
| Water, electricity, and heating | 66,324 | 60,914 |
| Maintenance | 43,078 | 25,770 |
| Cleaning | 40,355 | 33,769 |
| Mail and communications | 92,528 | 87,212 |
| Rents | 119,459 | 137,213 |
| Technical consultations fees | 139,293 | 50,235 |
| Hospitality | 23,703 | 51,082 |
| Professional fees | 83,262 | 62,755 |
| Subscriptions and license fees | 61,433 | 57,753 |
| Tenders expenses and bank charges | 8,120 | 1,985 |
| Computer supplies | 197,354 | 72,342 |
| Legal and litigations expenses | 1,223 | 28,324 |
| Sales tax expenses | 103,596 | 68,167 |
| Other | 95,269 | 104,107 |
| | 1,403,206 | 1,265,910 |

## 32. Employees Expenses

This item consists of the following:

| | 2020 | 2019 |
|---|---|---|
| | JD | JD |
| Salaries and bonuses | 3,100,249 | 2,983,942 |
| Company's share from social security contributions | 321,344 | 315,695 |
| Company's Contribution in medical and Takaful Insurance | 224,452 | 211,993 |
| Travel and transportations | 21,176 | 58,760 |
| Staff training and developments | 2,385 | 10,784 |
| | 3,669,606 | 3,581,174 |

33. Expected Credit Losses:

This item consists of the following:

| | 2020 | 2019 |
|---|---|---|
| | JD | JD |
| Receivables - (Note 11) | 450,000 | 150,000 |
| | 450,000 | 150,000 |

34. Earnings per Share

Earnings per share is calculated by dividing the net earnings for the year over the weighted average common stock as follows:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| | JD | JD |
| Profit for the year | 1,612,354 | 2,283,271 |
| | Share | Share |
| Weighted average common stock | 28,000,000 | 28,000,000 |
| | JD/Share | JD/Share |
| Earnings per share (basic & diluted) | 0/058 | 0/082 |

35. Cash and Cash Equivalent

Cash and cash equivalent included in the consolidated statement of cash flows consists of the amounts shown in the consolidated statement of financial position as follows:

| | December 31, | |
|---|---|---|
| | 2020 | 2019 |
| | JD | JD |
| Cash on hand and at banks | 872,647 | 480,791 |
| Add: Deposits at banks maturing within three months | 1,480,389 | 9,664,288 |
| Cash and cash equivalents at the end of the year | 2,353,036 | 10,145,079 |

36. Related Party Balances and Transactions

The Group engaged in transactions with major shareholders, directors, and key management personnel according within normal business activities. All the insurance receivables granted to the related parties are considered to be active, and no provisions have been recorded.

Pricing policy and terms related to these transactions are approved by the Group's management.

Below is a summary of the related parties' transactions during the year:

| | Major Shareholders, Board Members, and Sharia Supervisory Committee | Executive Management | Sister Companies | 2020 | 2019 |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Consolidated Statement of Financial Position Items | | | | | |
| Accounts receivable | 18,008 | 44,009 | - | 62,017 | 139,586 |
| Accounts payable | - | - | - | - | 14,237 |
| Deposit outside of Jordan | - | - | 2,921,825 | 2,921,825 | 2,785,875 |
| Consolidated Statement of profit or loss and Comprehensive Income Items | | | | | |
| Investments Income | - | - | 131,118 | 131,118 | 111,030 |
| Takaful Insurance contributions | 870 | 1,122 | - | 1,992 | 6,535 |

Executive management salaries and rewards:

The salaries and bonuses of the Executive Management of the group amounted to JD 1,051,481 for the year ended December 31, 2020 (JD 925,950 for the year ended December 31, 2019).

## 37. Risk Management

First: Explanatory Disclosures:

The Group manages its risks in various ways through a comprehensive strategy to mitigate and minimize risks and establish the right control in order to ensure continuity of its effectiveness along with a risk control system to achieve the optimum risk-return balance. The process of risk management includes continuous identification, measurement, and control of financial and non-financial risks that might negatively affect the Company's performance and reputation, in addition to ensuring effective distribution of the Company's capital to achieve the optimum risk-return balance. The Company is exposed to the following risks: market risks, liquidity risks, insurance risks, return rate and commission risks.

Second: Quantitative Disclosures:

a. Insurance Risk

1. Insurance Risk

Risks of any insurance policy represents the probability of occurrence of the insured accident and the uncertainty of the related claim amount due to the nature of the insurance policy whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. As regards the application of the probability theory on pricing and the reserve, the primary risks facing the Company are that incurred claims and the related payments may exceed the book value of the insurance obligations. This may happen if the probability and risk of claims are greater than expected. As insurance accidents are unstable and vary from one year to another, estimates may differ from the related statistics.

Studies have shown that the more similar the insurance policies are, the nearer the expectations are to the actual loss. Moreover, diversifying the types of covered insurance risks decreases the probability of the overall insurance loss.

Through its staff, the Group provides the best service to its customers. Accordingly, a plan has been prepared to protect them against potential risks. This requires taking the necessary provisions and making available the technical staff necessary to maintain continuity of the Group.

The steps taken includes extending the assumptions to internal data derived from the quarterly claims reports and the insurance policies performed as at the balance sheet date to derive the existing insurance contracts. Selection of the applicable results for the year accidents for each insurance type is based on evaluating the most appropriate mechanism for monitoring the related development.

2. Claims Development

The schedules below show the actual claims (based on management's estimates at year-end) compared to the expectations for the past four years based on the year in which the accident took place for all insurance types as follows:

Motor Insurance for Takaful Insurance Activities:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 6,233,818 | 3,714,027 | 4,844,100 | 5,962,681 | 6,062,566 | 26,817,192 |
| After one year | 6,241,704 | 4,253,091 | 4,517,103 | 5,752,023 | - | 20,763,921 |
| After two years | 6,180,466 | 4,286,477 | 4,697,417 | - | - | 15,164,360 |
| After three years | 6,467,867 | 4,287,144 | - | - | - | 10,755,011 |
| After four years | 6,599,550 | - | - | - | - | 6,599,550 |
| Current expectations of cumulative claims | 6,599,550 | 4,287,144 | 4,697,417 | 5,752,023 | 6,062,566 | 27,398,700 |
| Cumulative payments | 6,965,282 | 4,860,261 | 4,550,734 | 5,541,365 | 6,062,566 | 27,980,208 |
| Liabilities as stated in the consolidated statement of financial position | 334,102 | 215,578 | 848,410 | 1,883,493 | 6,062,566 | 9,344,149 |
| Surplus (Deficit) | (365,732) | (573,117) | 146,683 | 210,658 | - | (581,508) |

Motor Insurance for General Insurance Activites:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 51,544 | - | - | - | - | 51,544 |
| After one year | 32,281 | - | - | - | - | 32,281 |
| After two years | 32,281 | - | - | - | - | 32,281 |
| After three years | 32,281 | - | - | - | - | 32,281 |
| After four years | 32,281 | - | - | - | - | 32,281 |
| Current expectations of cumulative claims | 32,281 | - | - | - | - | 32,281 |
| Cumulative payments | 13,018 | - | - | - | - | 13,018 |
| Liabilities as stated in the consolidated statement of financial position | 10,000 | - | - | - | - | 10,000 |
| Surplus | 19,263 | - | - | - | - | 19,263 |

Marine Insurance for Takaful Insurance Activities:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 344,685 | 11,837 | 51,909 | 161,483 | 33,498 | 603,412 |
| After one year | 244,755 | 10,803 | 95,930 | 16,595 | - | 368,083 |
| After two years | 238,510 | 10,102 | 96,984 | - | - | 345,596 |
| After three years | 258,133 | 10,102 | - | - | - | 268,235 |
| After four years | 253,446 | - | - | - | - | 253,446 |
| Current expectations of cumulative claims | 253,446 | 10,102 | 96,984 | 16,595 | 33,498 | 410,625 |
| Cumulative payments | 162,207 | 8,367 | 142,059 | (128,293) | 33,498 | 217,838 |
| Liabilities as stated in the consolidated statement of financial position | 1,470 | - | 10,000 | 15,000 | 33,498 | 59,968 |
| Surplus (Deficit) | 91,239 | 1,735 | (45,075) | 144,888.00 | - | 192,787 |

Marine Insurance for General Insurance Activities:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 135,772 | - | - | - | - | 135,772 |
| After one year | 104,625 | - | - | - | - | 104,625 |
| After two years | 104,625 | - | - | - | - | 104,625 |
| After three years | 104,625 | - | - | - | - | 104,625 |
| After four years | 104,625 | - | - | - | - | 104,625 |
| Current expectations of cumulative claims | 104,625 | - | - | - | - | 104,625 |
| Cumulative payments | 73,478 | - | - | - | - | 73,478 |
| Liabilities as stated in the consolidated statement of financial position | - | - | - | - | - | - |
| Surplus | 31,147 | - | - | - | - | 31,147 |

Fire and Other Damages to Property for Takaful Insurance Actvities:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 451,958 | 714,216 | 832,116 | 148,237 | 552,809 | 2,699,336 |
| After one year | 243,975 | 624,830 | 699,326 | 81,749 | - | 1,649,880 |
| After two years | 234,701 | 611,277 | 703,809 | - | - | 1,549,787 |
| After three years | 220,337 | 614,610 | - | - | - | 834,947 |
| After four years | 195,039 | - | - | - | - | 195,039 |
| Current expectations of cumulative claims | 195,039 | 614,610 | 703,809 | 81,749 | 552,809 | 2,148,016 |
| Cumulative payments | (61,880) | 515,004 | 575,502 | 15,261 | 552,809 | 1,596,696 |
| Liabilities as stated in the consolidated statement of financial position | 18,020 | 48,291 | 9,579 | 3,451 | 552,809 | 632,150 |
| Surplus | 256,919 | 99,606 | 128,307 | 66,488 | - | 551,320 |

Fire and Other Damages to Property for General Insurance Activities:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 61,026 | - | - | - | - | 61,026 |
| After one year | 39,338 | - | - | - | - | 39,338 |
| After two years | 39,338 | - | - | - | - | 39,338 |
| After three years | 39,338 | - | - | - | - | 39,338 |
| After four years | 39,338 | - | - | - | - | 39,338 |
| Current expectations of cumulative claims | 37,047 | - | - | - | - | 37,047 |
| Cumulative payments | 13,068 | - | - | - | - | 13,068 |
| Liabilities as stated in the consolidated statement of financial position | 2,291 | - | - | - | - | 2,291 |
| Surplus | 23,979 | - | - | - | - | 23,979 |

Liability Insurance for Al-Takaful Insurance Activities:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 175,757 | 15,668 | 14,265 | 263,954 | 147,704 | 617,348 |
| After one year | 116,613 | 16,506 | 20,915 | 263,229 | - | 417,263 |
| After two years | 158,765 | 16,506 | 10,280 | - | - | 185,551 |
| After three years | 159,754 | 16,506 | - | - | - | 176,260 |
| After four years | 159,754 | - | - | - | - | 159,754 |
| Current expectations of cumulative claims | 159,754 | 16,506 | 10,280 | 263,229 | 147,704 | 597,473 |
| Cumulative payments | 143,751 | 17,344 | 6,295 | 262,504 | 147,704 | 577,598 |
| Liabilities as stated in the consolidated statement of financial position | 23,750 | 2,776 | - | 341,954 | 147,704 | 516,184 |
| Surplus (Deficit) | 16,003 | (838) | 3,985 | 725 | - | 19,875 |

Liability Insurance for the General Insurance Activities:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 60,351 | - | - | - | 50,232 | 110,583 |
| After one year | 60,126 | - | - | - | - | 60,126 |
| After two years | 60,126 | - | - | - | - | 60,126 |
| After three years | 60,126 | - | - | - | - | 60,126 |
| After four years | 60,126 | - | - | - | - | 60,126 |
| Current expectations of cumulative claims | 60,126 | - | - | - | 50,232 | 110,358 |
| Cumulative payments | 59,901 | - | - | - | 50,232 | 110,133 |
| Liabilities as stated in the consolidated statement of financial position | 59,251 | - | - | - | 50,232 | 109,483 |
| Surplus | 225 | - | - | - | - | 225 |

Other General Accident Insurance for Takaful Insurance Activities:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 301,629 | 124,507 | 62,944 | 205,897 | 113,208 | 808,185 |
| After one year | 347,626 | 60,986 | 27,430 | 267,804 | - | 703,846 |
| After two years | 304,230 | 51,744 | 38,064 | - | - | 394,038 |
| After three years | 283,742 | 51,744 | - | - | - | 335,486 |
| After four years | 286,644 | - | - | - | - | 286,644 |
| Current expectations of cumulative claims | 286,644 | 51,744 | 38,064 | 267,804 | 113,208 | 757,464 |
| Cumulative payments | 271,659 | (21,019) | 13,184 | 329,711 | 113,208 | 706,743 |
| Liabilities as stated in the consolidated statement of financial position | 851 | 46,709 | 1 | 100,972 | 113,208 | 261,741 |
| Surplus (Deficit) | 14,985 | 72,763 | 24,880 | (61,907) | - | 50,721 |

Other General Accident Insurance for General Insurance Activities:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 8,500 | - | - | - | - | 8,500 |
| After one year | 8,500 | - | - | - | - | 8,500 |
| After two years | 8,500 | - | - | - | - | 8,500 |
| After three years | 8,500 | - | - | - | - | 8,500 |
| After four years | - | - | - | - | - | - |
| Current expectations of cumulative claims | - | - | - | - | - | - |
| Cumulative payments | (8,500) | - | - | - | - | (8,500) |
| Liabilities as stated in the consolidated statement of financial position | - | - | - | - | - | - |
| Surplus | 8,500 | - | - | - | - | 8,500 |

Medical Insurance for Al-Takaful Insurance Activities:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 1,071,159 | 1,332,301 | 1,344,378 | 1,476,657 | 1,336,286 | 6,560,781 |
| After one year | 1,045,292 | 1,277,868 | 1,250,000 | 1,238,220 | - | 4,811,380 |
| After two years | 1,045,292 | 1,277,868 | 1,250,000 | - | - | 3,573,160 |
| After three years | 1,045,292 | 1,277,868 | - | - | - | 2,323,160 |
| After four years | 1,045,292 | - | - | - | - | 1,045,292 |
| Current expectations of cumulative claims | 1,045,292 | 1,277,868 | 1,250,000 | 1,238,220 | 1,336,286 | 6,147,666 |
| Cumulative payments | 1,019,425 | 1,223,435 | 1,155,622 | 999,783 | 1,336,286 | 5,734,551 |
| Liabilities as stated in the consolidated statement of financial position | - | - | - | - | 1,336,286 | 1,336,286 |
| Surplus | 25,867 | 54,433 | 94,378 | 238,437 | - | 413,115 |

Medical Insurance for the General Insurance Activities:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | - | - | - | - | - | - |
| After one year | - | - | - | - | - | - |
| After two years | - | - | - | - | - | - |
| After three years | - | - | - | - | - | - |
| After four years | - | - | - | - | - | - |
| Current expectations of cumulative claims | - | - | - | - | - | - |
| Cumulative payments | - | - | - | - | - | - |
| Liabilities as stated in the consolidated statement of financial position | - | - | - | - | - | - |
| Surplus | - | - | - | - | - | - |

Social Takaful Insurance (Life Insurance Activities):

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 27,570 | 974,168 | 268,791 | 612,830 | 1,851,629 | 3,734,988 |
| After one year | 27,570 | 962,672 | 295,063 | 654,034 | - | 1,939,339 |
| After two years | 34,213 | 957,672 | 150,000 | - | - | 1,141,885 |
| After three years | 31,213 | 957,672 | - | - | - | 988,885 |
| After four years | 31,213 | - | - | - | - | 31,213 |
| Current expectations of cumulative claims | 31,213 | 957,672 | 150,000 | 654,034 | 1,851,629 | 3,644,548 |
| Cumulative payments | 34,856 | 941,176 | 31,209 | 695,238 | 1,851,629 | 3,554,108 |
| Liabilities as stated in the consolidated statement of financial position | - | - | - | 212,218 | 1,851,629 | 2,063,847 |
| (Deficit) | (3,643) | 16,496 | 118,791 | (41,204) | - | 90,440 |

Life Insurance for General Insurance Activities:

| Year in Which the Accident Occurred | 2016 and Earlier | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| As at the end of the year | 15,827 | - | - | - | - | 15,827 |
| After one year | 17,937 | - | - | - | - | 17,937 |
| After two years | 17,937 | - | - | - | - | 17,937 |
| After three years | 17,937 | - | - | - | - | 17,937 |
| After four years | 17,937 | - | - | - | - | 17,937 |
| Current expectations of cumulative claims | 17,937 | - | - | - | - | 17,937 |
| Cumulative payments | 20,047 | - | - | - | - | 20,047 |
| Liabilities as stated in the consolidated statement of financial position | 6,000 | - | - | - | - | 6,000 |
| (Deficit) | (2,110) | - | - | - | - | (2,110) |

3. Concentration of Insurance Risk:

Concentration of assets and liabilities according to Takaful Insurance type is as follows:

For the Year Ended December 31, 2020:

| | Motor | Marine | Aviation | Fire and other damages | Liability | Medical | Other branches | Takaful Insurance (Life) | Total |
|---|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Gross | 15,607,430 | 214,376 | 271,039 | 4,548,530 | 569,110 | 8,007,489 | 1,277,875 | 2,356,671 | 32,852,520 |
| Net | 11,660,100 | 33,498 | - | 91,511 | 29,466 | 3,605,673 | 99,172 | 499,290 | 16,018,710 |

For the Year Ended December 31, 2019:

| | Motor | Marine | Aviation | Fire and other damages | Liability | Medical | Other branches | Takaful Insurance (Life) | Total |
|---|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Gross | 14,216,350 | 601,119 | 245,679 | 4,605,326 | 424,050 | 9,359,282 | 1,452,016 | 1,072,971 | 31,976,793 |
| Net | 10,566,107 | 41,959 | - | 86,621 | 23,773 | 3,882,917 | 188,550 | 302,350 | 15,092,277 |

- Concentration of Insurance Risk:

Concentration of assets and liabilities according to general insurance type is as follows:

For the Year Ended December 31, 2020:

| | Motor | Marine | Aviation | Fire and other Damages | Liability | Medical | Other branches | Takaful Insurance (Life) | Total |
|---|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Gross | 10,000 | - | - | 2,291 | 109,483 | - | - | 4,200 | 125,974 |
| Net | 10,000 | - | - | 178 | 6,715 | - | - | 4,200 | 21,093 |

For the Year Ended December 31, 2019:

| | Motor | Marine | Aviation | Fire and other Damages | Liability | Medical | Other branches | Takaful Insurance (Life) | Total |
|---|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Gross | 10,772 | 60,000 | - | 26,541 | 59,251 | - | 8,500 | 16,877 | 181,941 |
| Net | 10,772 | 3,625 | - | 16,391 | 19,183 | - | 2,125 | 9,075 | 61,171 |

The concentration in assets and liabilities related to insurance contracts according to geographical sectors is as follows:

| | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| | JD | JD | JD | JD |
| According to geographical area: | | | | |
| Inside the kingdom | 49,202,829 | 18,682,084 | 50,538,830 | 14,597,165 |
| Other Middle Eastern countries * | 9,910,426 | 5,798,527 | 9,905,324 | 8,207,757 |
| Europe | 252,780 | 1,783,262 | 291,979 | 4,837,727 |
| | 59,366,035 | 26,263,873 | 60,736,133 | 27,642,649 |

* This item includes all Asian countries excluding the Hashemite Kingdom of Jordan and the Middle East countries.

4. Reinsurance Risk

As with other insurance companies and for the purpose of reducing exposure to financial losses that may arise from major insurance claims, the Company, within the normal course of its operations, enters reinsurance contracts with other parties.

In order to reduce its exposure to major losses arising from the insolvency of reinsurance companies, the Company evaluates the financial position of the reinsurance companies it deals with while monitoring credit concentrations in geographic areas and activities or economic components similar to those companies. Moreover, the reinsurance policies issued do not exempt the Company from its obligations towards policyholders. As a result, the Company remains committed to the reinsured claims balance in case the reinsurers are unable to meet their obligations according to the reinsurance contracts.

In order to reduce exposure to the financial losses that may arise from the major insurance claims, the Group enters into reinsurance agreements with other parties.

5. Sensitivity of Insurance Risks

| | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Consolidated profit or loss Statement | Owners' Equities and Policyholders’ | Consolidated profit or loss Statement | Owners' Equities and Policyholder’ |
| | JD | JD | JD | JD |
| Consolidated profit or loss / Consolidated Owners’ Equity | 1,612,354 | 33,090,094 | 2,283,271 | 33,093,484 |
| Decrease of gross premiums by 5% while holding other variables constant | (2,274,513) | (2,274,513) | (2,318,288) | (2,318,288) |
| Total | (662,159) | 30,815,581 | (35,017) | 30,775,196 |
| | | | | |
| Consolidated income / Consolidated Owners’ Equity | 1,612,354 | 33,090,094 | 2,283,271 | 33,093,484 |
| Impact of increase in gross claims by 5% while holding other variables constant | (1,503,225) | (1,503,225) | (1,541,570) | (1,541,570) |
| Total | (109,129) | 31,586,869 | 741,701 | 31,551,914 |

b. Financial Risk

The Group follows financial policies to manage the various risks within a predefined strategy. Moreover, Group monitors and controls the risks and perform the optimal strategic allocation of both financial assets and financial liabilities. Risks include interest rate risks, credit risks, foreign currencies risks, and market risks.

Moreover, the Group follows the financial hedge policy for both financial assets and financial liabilities whenever the need arises. This hedge relates to the expected future risks.

1. Market Risks

Market risks is the potential losses that may arise from the volatility of the fair value or cash flows from financial instruments according to the changes in market prices. Market risks arise as a result of the existence of open positions in return rates, foreign currency exchange rates, and stocks investments prices. These risks are monitored according to specific policies and procedures through specialized committees and responsible workshops. Market risks also include return rate risks, exchange rate risks, and equity instrument risks.

The following table illustrates the effect of a 5% increase (decrease) in Amman Stock Exchange index on financial assets at fair value through other comprehensive income statement reflected in the consolidated statement of equity as of the consolidated statement of financial position date. The sensitivity analysis has been prepared on the assumption that share prices move at the same rate of market index change:

| | + 5% | | (5%) | |
|---|---|---|---|---|
| | December 31, | | December 31, | |
| | 2020 | 2019 | 2020 | 2019 |
| | JD | JD | JD | JD |
| Consolidated owners' equity | | | | |

The group is not exposed to exchange rate risks, as the financial reconciliations with clients or reinsurers are in local currency. The Company's management believes that the foreign currency risk related to the USD is immaterial since the Jordanian Dinar (the Company's functional currency) and Bahraini Dinar are pegged to the USD.

2. Return Rate Risks

Return rate risk represents the risks resulting from changes in the value of financial management as a result of the change in average return rates prevailing in the market.

Moreover, Group continually manage their exposure to return risk, and varied considerations such as financing and the renewal of the current positions are revalued continually.

The sensitivity analysis below is determined according to the exposure to return rates related to banking sensitivity as of the date of the consolidated statement of financial position. Furthermore, the analysis was prepared on the assumption that the outstanding amount as of the date of the consolidated statement of financial position was outstanding during the whole year. An increase or decrease of 0/5%, which represents the Company's and its subsidiaries management's assessment of the likely and acceptable change in return rates, is used.

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | 0/5% | (0/5) % | 0/5% | (0/5) % |
| | JD | JD | JD | JD |
| Consolidated profit for the year / Consolidated Owners' Equity | 60,145 | (60,145) | 65,238 | (65,238) |

- There is no material risk concerning sukuk as they have a fixed rate of return.

3. Liquidity Risk

Liquidity risk is the inability of the Group to provide the funding necessary to perform its obligations on the due dates. The risk management process includes the following:

- Maintaining highly marketable assets that can be easily liquidated in protection against any unforeseen shortage in liquidity.

- Monitoring liquidity indicators in accordance with the internal requirements and the requirements of regulatory authorities.

- Managing the concentrations and maturity dates of debts.

The following table summarizes financial liabilities (based on the remaining period of the maturity from the date of the consolidated financial statements):

| December 31, 2020 | Less than One Month | More Than 1 Month to 3 Months | More Than 3 Month to 6 Months | More Than 6 Month to 1 year | More Than 1 year to 3 years | More Than 3 years | Without Maturity | Total |
|---|---|---|---|---|---|---|---|---|
| Liabilities: | JD | JD | JD | JD | JD | JD | JD | JD |
| Payables | 2,044,461 | - | - | - | - | - | - | 2,044,461 |
| Accrued expenses | 54,887 | - | - | - | - | - | - | 54,887 |
| Reinsures payables | 1,222,878 | - | 998,871 | 1,783,372 | 2,906,321 | - | - | 6,911,442 |
| Various provisions | - | 2,258 | 45,000 | - | - | - | - | 47,258 |
| Income tax provision | 100,000 | - | 410,865 | - | - | - | - | 510,865 |
| Deferred tax liabilities | - | - | - | - | - | - | 796 | 796 |
| Other liabilities | 249,028 | 405,333 | - | - | - | - | - | 654,361 |
| Total Liabilities | 3,671,254 | 407,591 | 1,454,736 | 1,783,372 | 2,906,321 | - | 796 | 10,224,070 |
| Assets | 13,283,142 | 2,681,426 | 13,066,333 | 6,150,523 | 1,801,224 | 20,278,865 | 2,104,522 | 59,366,035 |

| December 31, 2019 | Less than One Month | More Than 1 Month to 3 Months | More Than 3 Month to 6 Months | More Than 6 Month to 1 year | More Than1 year to 3 years | More Than 3 years | Without Maturity | Total |
|---|---|---|---|---|---|---|---|---|
| Liabilities: | JD | JD | JD | JD | JD | JD | JD | JD |
| Payables | 2,998,694 | - | - | - | - | - | - | 2,998,694 |
| Accrued expenses | 63,659 | - | - | - | - | - | - | 63,659 |
| Reinsures payables | 1,653,759 | 1,051,463 | 1,950,040 | 257,960 | 3,478,042 | - | - | 8,391,264 |
| Various provisions | - | 13,244 | 45,000 | - | - | - | - | 58,244 |
| Income tax provision | 103,203 | - | 305,978 | - | - | - | - | 409,181 |
| Deferred tax liabilities | - | - | - | - | - | - | 934 | 934 |
| Other liabilities | 523,890 | 3,808 | - | 16,847 | 22,680 | - | - | 567,225 |
| Total Liabilities | 5,343,205 | 1,068,515 | 2,301,018 | 274,807 | 3,500,722 | - | 934 | 12,489,201 |
| Assets | 22,167,999 | 4,246,110 | 9,868,959 | 2,047,315 | 5,553,552 | 15,079,197 | 1,773,001 | 60,736,133 |

4. Foreign Currency Risks

The Group's main operations are in Jordanian Dinar. Moreover, the foreign currency risk arises from the fluctuations in the exchange rates related to foreign currency payments. As for transactions denominated in US Dollar, the Company's management believes that the foreign currency risk related to the US Dollar is immaterial, as the Jordanian Dinar (functional Currency) and Bahraini Dinar are pegged to the US Dollar.

- The following is the net currency concentrations of the group's:

| Type of Currency | Foreign Currency | | Equivalent in JD | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | JD | JD | JD | JD |
| US Dollar | 11,705,034 | 11,734,622 | 8,298,869 | 8,319,847 |
| Bahraini Dinar | 1,862,270 | 1,861,841 | 990,569 | 990,341 |

5. Credit Risks

Credit risk is the risk of failure of the other party to fulfil its contractual obligations, causing losses to the Group. Moreover, the Group follows the policy of dealing with only creditworthy parties, to reduce the risk of financial losses resulting from failure to meet commitments. Furthermore, the Group does not take any guarantees for collecting trade receivables. Therefore, trade receivables are not guaranteed.

The Group’s financial assets consist mainly of policyholders, checks under collection, deposits at banks, financial assets at fair value through comprehensive income, financial assets at amortized cost, and other debit balances. Moreover, policyholders' receivables consist of debts due from the locally insured, some governmental parties, large projects, and foreign clients. In the opinion of the Company's management, the percentage of uncollected receivables or part thereof is very low. These receivables represent important concentrations of credit risks in the clients’ geographical areas. Moreover, a strict credit policy is maintained, whereby every client account is monitored separately. Client’s concentration per geographical area is as follows:

| Geographical Area | Indebtedness |
|---|---|
| | JD |
| Inside Jordan | 28,538,485 |
| Outside Jordan | 10,163,206 |
| | 38,701,691 |

38. Main Segments Analysis

a. Information on the Company’s Operating Segments

For managerial purposes, the Group was organized into sectors: the Life Insurance Sector; the General Insurance Sector, which includes, motor, marine, fire and other damages on properties, liability, medical, and others; the Investments Sector, which includes real-estate investments, financial assets at fair value comprehensive income. Moreover, transactions among business sectors are based on estimated market prices on the same terms used for others.

b. Information on Geographical Distribution

This note represents the geographical distribution of the Company's operations. Moreover, the Company conducts its operations mainly in the Kingdom, representing local operations. Moreover, the Group conduct international operations.

The following is the distribution of the Group subsidiaries revenues, assets and capital expenditures according to geographical sector:

| | Inside Jordan | | Outside Jordan | | Total | |
|---|---|---|---|---|---|---|
| | Current Year Amounts | Comparative Amounts | Current Year Amounts | Comparative Amounts | Current Year Amounts | Comparative Amounts |
| | JD | JD | JD | JD | JD | JD |
| Total revenue | 30,181,141 | 30,219,151 | 3,287,162 | 3,184,773 | 33,468,303 | 33,403,924 |
| Capital expenditures | 1,255,679 | 2,891,754 | - | - | 1,255,679 | 2,891,754 |

## 39. Management of Capital

- Achieve capital management goals:

  The Group aims to achieve capital management objectives through developing the Group's business, achieving surplus in operating revenues and other revenues, and optimally utilizing available fund resources, to achieve the targeted growth in owners' equity.

  The Group considers the appropriateness between capital size and the nature of risks that the Groups are exposed to, provided that this does not contradict with the prevailing laws and regulations. This is reflected in the Group's strategic plans and its estimated budget. The effects of participating in investments on capital adequacy ratio are taken into consideration, and capital and its adequacy are monitored continuously. In the opinion of the Board of Directors, the regulatory capital is adequate to achieve the objectives of the Group.

  The solvency margin as of December 31, 2020 and 2019 is as follows:

| | December 31, | |
|---|---|---|
| | 2020 | 2019 |
| | JD | JD |
| First: Available capital * | 33,491,349 | 32,958,206 |
| Second: Capital required: | | |
| Capital required against assets risks | 10,236,162 | 9,193,243 |
| Capital required against underwriting liabilities | 2,121,993 | 1,984,543 |
| Capital required against reinsurance risks | 163,745 | 14,443 |
| Capital required against life insurance risks | 2,386,254 | 1,753,161 |
| Total Capital Required | 14,908,154 | 12,945,389 |
| Third: Solvency margin (Available capital / required capital) | 225% | 255% |

* The following table shows the available capital:

| | December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Primary Capital: | JD | JD |
| Paid - up Capital | 28,000,000 | 28,000,000 |
| Statutory reserve | 3,494,290 | 3,276,493 |
| Retained earnings | 3,522,266 | 3,387,709 |
| Investments inconsistent with the investment instructions: | - | (433,321) |
| Increase in Real Estate Investment | 392,598 | 433,319 |
| Investments valuation reserve | (1,917,805) | (1,715,994) |
| Total Available Capital | 33,491,349 | 32,958,206 |

## 40. The Maturity of Assets and Liabilities Analysis

The following table shows the analysis of assets and liabilities according to their expected period to recovery or settlement:

| December 31, 2020 | Within One Year | More than One Year | Total |
|---|---|---|---|
| | JD | JD | JD |
| Assets: | | | |
| Deposits at banks | 12,029,008 | - | 12,029,008 |
| Financial assets at fair value through comprehensive income | - | 1,284,248 | 1,284,248 |
| Financial assets at amortized cost | 1,975,085 | 4,392,300 | 6,367,385 |
| Property investments | 51,840 | 6,665,645 | 6,717,485 |
| Cash on hand and at banks | 872,647 | - | 872,647 |
| Checks Under Collection | 2,999,513 | 20,170 | 3,019,683 |
| Receivables - net | 13,477,876 | - | 13,477,876 |
| Reinsurance receivables | 2,291,978 | - | 2,291,978 |
| Deferred tax assets | - | 820,274 | 820,274 |
| Property and equipment - net | 500,000 | 10,198,172 | 10,698,172 |
| Intangible assets | 130,000 | 803,802 | 933,802 |
| Projects Under Construction | - | - | - |
| Other assets | 853,477 | - | 853,477 |
| Total Assets | 35,181,424 | 24,184,611 | 59,366,035 |
| Liabilities: | | | |
| Unearned premiums provision - net | 8,671,680 | - | 8,671,680 |
| Outstanding Claims provision - net | 7,241,710 | - | 7,241,710 |
| Mathematical reserve - net | 126,413 | - | 126,413 |
| Accounts Payable | 2,044,461 | - | 2,044,461 |
| Accrued expenses | 54,887 | - | 54,887 |
| Reinsurance payables | 4,005,121 | 2,906,321 | 6,911,442 |
| Various provisions | 47,258 | - | 47,258 |
| Income tax provision | 510,865 | - | 510,865 |
| Deferred tax liabilities | - | 796 | 796 |
| Other liabilities | 654,361 | - | 654,361 |
| Total liabilities | 23,356,756 | 2,907,117 | 26,263,873 |
| Net | 11,824,668 | 21,277,494 | 33,102,162 |

| December 31, 2019 | Within One Year<br>JD | More than One Year<br>JD | Total<br>JD |
|---|---|---|---|
| Assets: | | | |
| Deposits at banks | 13,047,653 | - | 13,047,653 |
| Financial assets at fair value through comprehensive income | - | 1,357,495 | 1,357,495 |
| Financial assets at amortized cost | 141,973 | 6,387,114 | 6,529,087 |
| Property investment | 30,000 | 6,739,324 | 6,769,324 |
| Cash on hand and at banks | 480,791 | - | 480,791 |
| Checks Under Collection | 2,766,320 | 40,645 | 2,806,965 |
| Receivables - net | 14,033,031 | 1,311,518 | 15,344,549 |
| Reinsurance receivables | 2,390,730 | - | 2,390,730 |
| Deferred tax assets | 224,120 | 415,506 | 639,626 |
| Property and equipment - net | 350,000 | 5,294,450 | 5,644,450 |
| Intangible assets | 80,000 | 859,698 | 939,698 |
| Project Under Construction | 4,200,149 | - | 4,200,149 |
| Other assets | 585,616 | - | 585,616 |
| Total Assets | 38,330,383 | 22,405,750 | 60,736,133 |
| Liabilities: | | | |
| Unearned premiums provision - net | 8,857,812 | - | 8,857,812 |
| Outstanding Claims provision - net | 6,154,320 | - | 6,154,320 |
| Mathematical reserve | 141,316 | - | 141,316 |
| Accounts Payable | 2,998,694 | - | 2,998,694 |
| Accrued expenses | 63,659 | - | 63,659 |
| Reinsurance payables | 4,913,222 | 3,478,042 | 8,391,264 |
| Various provisions | 58,244 | - | 58,244 |
| Income tax provision | 409,181 | - | 409,181 |
| Deferred tax liabilities | - | 934 | 934 |
| Other liabilities | 544,545 | 22,680 | 567,225 |
| Total liabilities | 24,140,993 | 3,501,656 | 27,642,649 |
| Net | 14,189,390 | 18,904,094 | 33,093,484 |

41. Lawsuits against/raised by the Company

There are lawsuits filed against the Group for various types of claims. The lawsuits at courts totalled JD 1,446,189 as of December 31, 2020. In the management and the Group's legal advisors' opinion, they will not incur any claims that exceed the outstanding claims provision amount (JD 994,231 as of December 31, 2019). The lawsuits at courts filed by the Group against others amounted to JD 1,687,361 as of December 31, 2020 (JD 1,318,555 as of December 31, 2019).

42. Contingent Liabilities

The Company was contingently liable as of the consolidated statement of financial position date for bank guarantees amounted to JD 1,804,521 as of December 31, 2020 (JD 1,001,664 as of December 31, 2019).

## 43. Fair Value Hierarchy

a) The Fair value of the group's financial assets and financial liabilities determined at fair value on an ongoing basis:

Some of the group's financial assets and financial liabilities are valued at fair value at the end of each financial period.

The table below shows information on how to determine the fair value of financial assets and financial liabilities (valuation methods and inputs used):

| Financial Assets/Financial Liabilities | Fair Value December 31, 2020 | Fair Value December 31, 2019 | Fair Value Hierarchy | Valuation Methods and Inputs Used | Significant Intangible Inputs | Relationship between Significant Intangible Inputs and Fair Value |
|---|---|---|---|---|---|---|
| | JD | JD | | | | |
| Financial assets at fair value | | | | | | |
| Financial assets at fair value through comprehensive income | | | | | | |
| Quoted Shares | 1,147,150 | 1,074,324 | Level 1 | Prices published in financial markets | Not Applicable | Not Applicable |
| Un-Quoted Shares | 137,098 | 283,171 | Level 2 | Based on the latest audited financial statements | Not Applicable | Not Applicable |
| Total | 1,284,248 | 1,357,495 | | | | |

There were no transfers between Level 1 and Level 2 during the year ended 31 December 2020 and 2019.

b) The fair value of the Group's financial assets and financial liabilities not determined on an ongoing basis:

Except as described in the table below, we believe that the carrying amounts of the financial assets and financial liabilities stated in the group's consolidated financial statements approximate their fair values because the Company's management believes that the carrying amounts of the items below approximate their fair value due either to their short-term maturity or interest rates being re-priced during the year.

| | December 31, 2020 | | December 31, 2019 | | Fair Value |
|---|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Hierarchy |
| | JD | JD | JD | JD | |
| Financial assets not determined at fair value | | | | | |
| Deposits at banks | 12,029,008 | 12,494,819 | 13,047,653 | 13,697,940 | Level 2 |
| Investment Property | 6,717,485 | 7,296,750 | 6,769,324 | 7,212,643 | Level 2 |
| Financial assets at amortized cost | 6,367,385 | 6,573,608 | 6,529,087 | 6,732,436 | Level 2 |
| Total Financial Assets Not Determined at Fair Value | 25,113,878 | 26,365,177 | 26,346,064 | 27,643,019 | |

For the above items, the fair value of the second and third levels financial assets and liabilities has been determined in accordance with the agreed pricing models that reflect the credit risk of the parties dealt with.